Business Basics for Alberta Food Processors

A Planning Guide

Alberta

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Some of the information in this guide has been adapted with permission from: *The Massachusetts Food Processors Resource Manual*, developed by the Commonwealth of Massachusetts, Department of Food and Agriculture; and *The Atlantic Canada Food Processor's Guide*, developed by the P.E.I. Food Technology Centre.

Preface

Agriculture in Alberta is a strong, well-diversified economic sector. Its success is particularly evident in the exceptional growth shown by the food and beverage industry. In 2010, Alberta's food and beverage manufacturing industries generated a total of $11.5 billion (preliminary estimate) in manufacturing sales. As well as generating impressive revenue, the food and beverage processing industries employed a total of 22,900 Albertans in 2010 and provides consumers the world over with a wide selection of appealing and nutritious food products.

As part of the ongoing effort to promote development in this dynamic sector, Alberta Agriculture and Rural Development is pleased to introduce Business Basics for Alberta Food Processors. The guide has been developed to provide emerging food processors with helpful business and marketing information essential to planning and operating a successful business.

Introduction

This business planning guide has been developed to help you get started in the processed food industry or for the established processor to use as a checklist. It's meant to serve as a general reference for food processors, to answer some frequently asked questions, and to recommend additional sources of help.

Presented here are ideas and information useful for those who are thinking of starting a food business, as well as for those who want to grow their existing business.

Whether you are a new or experienced business owner, you have to be aware of the bottom line. This guide points out ways you can achieve your goals while minimizing your risk.

Food Industry Trends

What are the future prospects for processed food products? From all reports the opportunities are growing due to a number of factors.

We have a very busy, aging population which has a desire to improve individual health. Food products that address these issues and meet consumer needs will have a greater chance of success.

Consumers are interested in where and how food is grown and processed. They want to know their food is safe.

Overview of Guide

The topics in this guide are presented in the order in which you are likely to encounter them when starting a new business.

There is information in each chapter relevant to businesses in the early stages of development. There is a section on business planning and business plans, but you will be planning on an ongoing basis. As part of your planning you should set up some working files. Topics could include: market opportunities, product trends, packaging and labeling ideas, operations, finances, regulations and business information. Include newspaper articles, research, demographics, informal projections and notes in these files. Set one file aside for your business goals and objectives, both short and long-term. These files become your informal business plan.

Both public and private sector resources are listed and key web base sites have been noted. A listing in this manual is not an endorsement; nor are the listings comprehensive. Word of mouth and the Yellow Pages offer many additional contacts. The partial listing in this publication is furnished for your information with the understanding that no discrimination is intended and no guarantee of reliability implied.

Starting and operating a profitable food business is complex. Be prepared to develop an extensive network of advisors and information sources.

The Inside Story

An agri-food processing business consists of four key components:

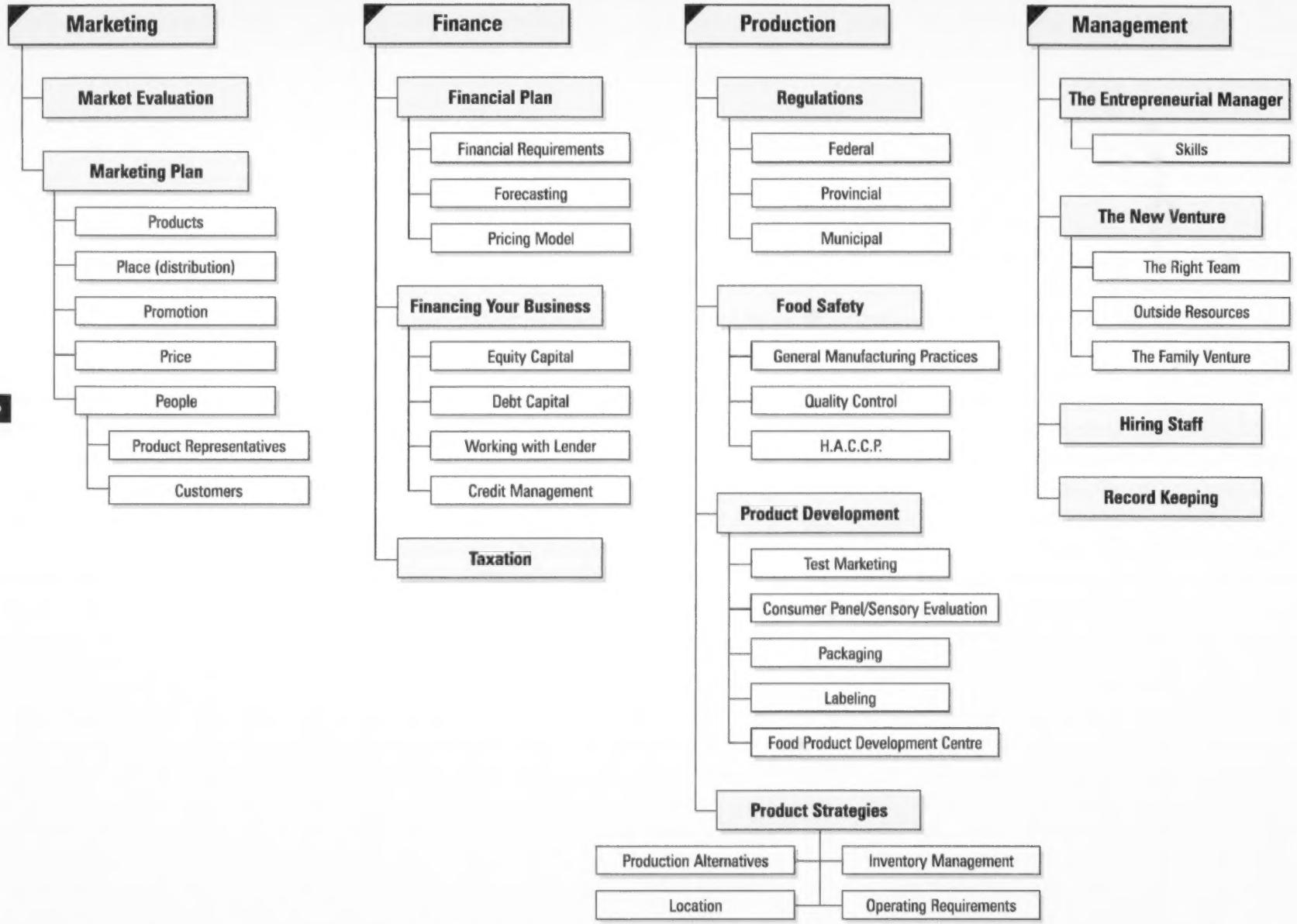
- Marketing
- Finance
- Production
- Human resources

Each component has a life of its own and grows at different stages. However, the success of the business is a function of all four elements.

Investors look for secure markets and strong management. Production and financing support both of these and form the cornerstones that build the business.

Continue to use this model as you develop your product and business.

The Business of Food Processing



▶ Starting Out

Starting or expanding your food business takes some planning. Six months to a year is not an unreasonable amount of time to expect to spend in preparation for opening your business.

Is Entrepreneurship for You?

It is not possible to eliminate the risks associated with starting a small business, but you can improve your chances of success with good planning and preparation. Start by taking stock of yourself; evaluate your strengths and weaknesses as the owner and manager of a small business. Consider the following questions.

Are you a self – starter?
It will be up to you, not someone else telling you, to develop projects, organize your time and follow through on details.

How well do you get along with different personalities?
Business owners need to develop working relationships with a variety of people including customers, vendors, staff, bankers and professionals such as lawyers, accountants or consultants. Can you deal with a demanding client, an unreliable vendor or a cranky staff person in the best interest of your business?

How good are you at making decisions?
Small business owners are required to make decisions constantly, often quickly, under pressure and independently.

Do you have the physical and emotional stamina to run a business?
Business ownership can be challenging, fun and exciting, but it's also a lot of work. Can you face a 12-hour workday, six or seven days a week?

How well do you plan and organize?
Research indicates that many business failures could have been avoided through better planning. Good organization of financials, inventory, schedules and production can help avoid many pitfalls.

Is your drive strong enough to maintain your motivation?
Running a business can wear you down. Strong motivation can make the business succeed and help you survive slowdowns.

How will the business affect your family?
The first few years of business start – up can be hard on family life. There may be financial difficulties until the business becomes profitable. The family may have to adjust to a lower standard of living or risk family assets.

On the upside, for the right person, the advantages of business ownership outweigh the risks.

- A new venture is exciting and you are your own boss.
- The hard work and long hours benefit you directly, rather than increasing profits for someone else.
- Your earning and growth potential are far less limited.
- Running a business provides endless variety, challenge and opportunities to learn.

Is My Idea an Opportunity?

It is possible for you to be a self starter and have a good product or a good idea, but not have a business opportunity. Your product must meet the needs and wants of the consumer. Remember, the purpose of your business is to sell products, not to make products that might sell. Some products fill a niche in the general market, while others will have wider appeal. Some are new or improved, making them an alternative to similar products already available. Anyone with a new product idea must know their target market and its needs.

Is the Idea Feasible – Will it Fly?

Before you get too involved in business development, you need to determine whether or not your business idea is feasible. Do a basic assessment of the idea to determine whether it is worth your time and investment. This involves market research, cost calculations to see if you can make money, determining prices and calculating a break even point. You will also want to consider your distribution channels and develop a marketing plan.

Step 1: Market Research

Marketing is directing your goods and services to consumers in response to their wants and needs. Marketing begins with the consumer. It involves acquiring a thorough understanding of what consumers need and want and making products that meet those needs.

When you start a business you must develop a keen understanding of your market: your consumers. You need to know everything about the buyers: their age, sex, income, buying habits as they relate to a particular product or segment of the market, where they live, how much they spend on related products and even what they read. This and other information about them is called demographic information. Gathering demographic information is part science and part intuition, part detective work and part research. A healthy combination of all these techniques will be needed.

Many food products come about because friends, family and others who have tasted a homemade recipe have pronounced it suitable for sale. They have assured you that they would buy your mustard, jam or barbecue sauce, and that their friends would too. They encourage you to consider selling the product by suggesting to you that there is a market: an audience for the product.

Think back to the time when friends began to suggest that you had a saleable product and you began to wonder if they were right. You may have thought, okay, everybody who tries it likes it, but would they pay for it? Just gather them together and ask them. Assemble your own focus group. Ask who might buy the product and why, what they would pay for it, what would they do with it. How often would they buy it? Then, consider what you know about them: are they gourmet cooks, or harried moms looking for something to make life easier? Do different kinds of people like it, or does it require a more sophisticated palate? Where do these people shop? Is it something they would give as a gift? Is it an alternative to a mass market product they already use? Keep going until you have looked at the product from every possible point of view.

Next, do your homework. Visit the library. Find recent newspaper and magazine articles about food trends and your kind of product in particular. If your library has a reference librarian, ask for their help. College and university libraries are good places to do research. While they may not let you check out books, most will allow you to read and copy materials in the building. Study everything you can find about the target consumers. Read trade journals and food processing magazines.

Talk to gourmet food store buyers, gift basket buyers, grocers and others who might be potential buyers. Do not forget the ethnic food stores. While you are in retail stores, talk to customers. Find out what they buy, what they are looking for and why they shop where they do. Your research will help you discover if there is an existing market or an emerging market for your product. And it will tell you a lot about your potential customer.

These are the basic steps of discovering your potential customers. With this knowledge you will be better able to judge if you actually have a shot at success.

Step 2: Can You Make Money?

You must calculate the costs associated with making your product before you can set the price, and you must set the price before you can answer the ultimate question: will consumers pay the price?

First you will need to calculate all of your costs, both fixed and variable. Fixed costs are costs that do not change whether you produce one jar of jam or 10,000. These include rent, basic utilities, insurance, indirect labor and taxes. Variable costs are those that vary with production: ingredients and packing materials, direct labor, shipping and sales commissions.

At a certain production level, the sum of fixed and variable costs is your total cost.

Total cost of production = Fixed costs + variable costs.

To find your cost per unit, divide the total cost by the number of units.

$$\text{Cost per unit} = \frac{\text{Total cost of production}}{\text{Number of units produced}}$$

To the cost per unit, add the profit you want. This gives you only an initial wholesale price.

Wholesale price = Cost per unit + profit (markup)

There is more to consider, such as: listing fees, sampling costs and promotional programs.

The math is simple but gathering the complete costing information is complicated, however critical to the success of your business.

Step 3: What's Your Break Even Point?

Knowing your customers enables you to judge how much they will pay for a product like yours. The next step is to determine how many units you will have to sell at a certain price to make a profit. You have to find out your break even point.

The break even point is the point at which you have sold enough product to cover all of your fixed and variable costs. Below the break even point, losses are incurred and above it, profits are realized.

$$\text{Break even point} = \frac{\text{Fixed costs}}{\text{Selling price per unit} - \text{unit variable cost}}$$

For example, your company has an annual fixed cost of production of $12,000. If your jam sells for $6 a jar, and your variable cost per jar is $4, what is your break even point?

$$\text{Break even number of jars} = \frac{\$12{,}000}{\$6 - \$4} = \frac{12{,}000}{2} = 6{,}000 \text{ jars}$$

Step 4: Will Customers Pay Your Price?

That is the hard question. You will need to establish both a wholesale and retail price. Remember, everyone who handles your product before it reaches the retail shelf marks it up so that they realize their profit, too. Specialty foods are generally priced somewhat higher than mass produced and mass marketed products. Consumers are generally willing to pay a slight premium for specialty and gourmet products but you must determine what the market will bear.

This is where you use your knowledge of your potential customer. Having a clear picture of your buyers' income and spending habits tells you how price sensitive they are. If you know where they shop, you can find out if your product is priced right for those retail outlets. How? Visit the stores to check prices and availability of similar products. You can adjust your profit margin if you have to, but keep in mind the total cost of producing your product.

Step 5: Where Can You Sell That Much Product?

One of the last pieces to the marketing puzzle is determining where to place your product so that potential customers find it and buy it. This is called distribution, which is covered in more detail in the Distribution and Sales section on page 45.

Some key points to consider are:

- Where are your potential customers likely to look for products like yours – in grocery stores, delicatessens, gift shops, specialty food stores, supermarkets, farm stands, food service or other establishments?
- Can you sell directly to the retailer or food service buyer and are they receptive to your proposed product?
- Are the locations and types of outlets you have identified selling similar products at competitive prices?

If your research indicates you can place your product into outlets where it will sell successfully at your proposed price, you are ready to continue to unravel the interlocking puzzle of markets, consumers, products and outlets.

Step 6: The Marketing Plan

The next step is to develop a marketing plan that targets your potential buyer: wholesale, retail, food service or direct to consumers.

Marketing is an ongoing function of business. You should never stop gathering information about your consumers and buyers. Staying abreast of new market trends enables you to react quickly to changes in consumer demands.

These days, consumers are health conscious and looking for convenience. They read labels with great interest and pay attention to nutritional information. Producers who understand and adapt to market demands for healthy products stay profitable, while others lose their share of the market. Take a trip down the food aisles and you will see labels that announce products that are organic, salt free and low fat. The makers of these products are all responding to market demand, which is consumer driven. Consumers demand, and producers and retailers respond. From your initial notion that you might have a saleable product until the time you retire from business, you must constantly be attuned to the market.

Step 7: Forecast Business Start-up Costs

Before you sell one unit of product, you will incur cost. You need to be sure that you have enough start-up capital available to get you started. It is recommended that these costs not be calculated into your production costs because they are one time costs and may result in pricing your product too high for the market. Typically these start-up costs are financed with owner's equity or from profit you make when you sell your product. Some of the costs are:

- product development and testing
- market research
- your own time
- office expenses before product is developed (phone, fax, stationery, etc.,)

An Opportunity ...

By following these seven steps and doing some rough calculations, you will have an idea of whether or not your business idea is feasible. Depending on your product and your expertise, you may need to concentrate on some areas more than others. Will you be able to get the money to finance your product? Will your cash flow be adequate to cover your expenses? Planning issues are covered in more detail in the section on business plans. You may want to review your seven step assessment with a third party such as Alberta Agriculture and Rural Development New Venture Coaches, community futures staff or someone in a similar business.

A list of resources that can assist in this initial assessment can be found in the resources section on page 59.

▶ Business Planning

Why Plan?

A business plan helps you formalize the thinking and planning process. Developing and recording a plan helps you systematically think through the steps involved in your business development. By completing a business plan you will better understand the markets, costs and competitive factors that will influence the future of your new business. A well thought out plan gives you increased confidence and prepares you to obtain necessary financing and resources. Think of a business plan as a working document, one that changes, expands and shifts with the times.

The business plan that you develop as a working tool does not need to be a formal document, but there are times when a formal business plan is a requirement. If you need a loan from a financial institution, then you will likely be asked for a business plan. If you want processing assistance from the Alberta Agriculture and Rural Development, Food Processing Development Centre in Leduc, a business plan is required. Depending on who is going to read the plan, you may need to emphasize different aspects.

Gathering Information

Business plans can take many forms. What follows is a series of questions. You will probably know the answers to many of the questions from your ongoing work. If you created files as suggested in the *Introduction to this Guide*, you will have the answers to many of these questions. Once you have answered the questions, you will be in a good position to write your business plan.

1. Describe your product or service

- Describe the benefits of the product or describe what your service will do for people.
- What makes your product or service different?
- How does it help a consumer?
- Why would someone buy your product?
- Is it easy to use?
- What is the shelf life of your product?
- How will you package your product?

2. Do a market analysis

- Who are your customers by age, income, sex, preferences, etc.
- Where are they located geographically?
- Describe your industry trends (past, current, future predictions).
- How do you know these people want your product?
- What market share do you expect to get, and why?
- What are potential problems in meeting this goal and how will you deal with them?
- Who are your competitors now and in five years? How does your product compare with theirs and how can you best compete with their products?

3. Marketing strategy

- How will you set your price, and how does your price relate to competitors prices?
- How will you get the word out about your company and your product?
- How will you get your product to them (by mail, distributor, broker, direct delivery)? What are the costs of using this method?
- What service and warranty policies will you have?

4. Describe yourself and your management team

- List your personal data: age, where you live and have lived, special abilities and interests and your reasons for starting the business.
- What is your business background and experience? Do you have directly related experience?

- State your educational background.
- Do you have any managerial experience?
- Who else is on your management team?
- What are their backgrounds?
- What functions will be performed by the team? Indicate who will be responsible for finances, marketing, human resources and production. Do you have the skills needed?
- How are decisions made (i.e. board, owner)?

5. Describe your operating system

- What are your facility requirements for size/ capacity, location and type of premises?
- What equipment do you have? What equipment do you need to purchase? What are the costs involved?
- How will you produce your product? What is the work flow?
- How will you assure quality?
- What is your capacity and production volumes?
- What are your day-to-day operations like including hours of operation, seasonality of business, suppliers and their credit terms?
- Describe your space for work in progress inventory and finished goods storage. What about expansion possibilities?
- What are the alternatives for production? Could the products be custom processed and packaged?
- What regulation do you need to comply with and how have you accomplished this (i.e. food safety, business licenses, environmental standards, etc.)?

6. Describe your personnel

- What are your personnel needs, now and in the future?
- What skills must they have and are these people available in the area?
- Will you need to train your employees? If so, how much will it cost, in both time and money?
- How many full-time and part-time workers will you have?
- What will your pay scale and benefits program be?

7. Describe your financial needs

- Prepare a 3 year financial projection
  - balance sheet
  - income statement
  - cash flow
- How much will you seek from lenders/investors?
- How much are you prepared to put in?
- How is the money to be spent (working capital, new equipment, inventory, supplies, etc.)?

8. Describe your risk management strategies

- What events could affect your customers demand for products?
- How will you limit the impact?
- What other risks could impact your business?

What Do Lenders Look For?

- Your management team – who's responsible for financial planning, production, marketing, human resources?
- How much cash/capital is available?
- What is the market?
  - Is there demand for your product?
  - Who is going to buy it and how are you going to distribute it?
  - Do you have a sustainable competitive advantage?
  - What is unique about your product and why?
- Is your plan realistic?

Although investors and lenders like to back businesses with high growth potential, they are skeptical when the projections seem too good to be true. This is a flag to them that you may be overly optimistic or naive.

Consider these general pointers as you create your business plan:

- Be prepared to spend weeks or months planning your business and preparing your plan.
- Aim for a plan that is brief and succinct, but includes everything important to the business.
- A business plan is a living document.
- Update the plan as your knowledge grows and your strategies become more concrete.
- Do not make vague or unsubstantiated statements.
- Back up your statements with underlying data and market information.

You may need two sets of business plans, one internal, and one external. To be an effective management tool, internal business plans usually are more detailed than those presented externally.

More information on developing business plans is available from provincial government departments, the federal government, business service centres, chartered banks, libraries, universities and consulting companies. See the Sources of Assistance section on page 53.

More information on the elements of a business plan, including a business plan template, is available at www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/agp4957

▶ Business Considerations

Developing and expanding your business is not a 1-2-3 process. It does not move along one step at a time. You are often thinking of many aspects of the business at once. Some parts of the planning and development may be easy for you. Sometimes you may struggle with a decision. This section covers a variety of business topics that you need to consider as you expand your business.

Choosing a Name

For food companies, the choice of business and product names is extremely important. Select a name that conveys what you and your product are about. Make sure that the name you select will not be confused with an already existing business or product. The name of your business must be descriptive and distinctive. Often the first word in a business name is distinct, followed by a word that describes the nature of your business.

Once you have decided on a name, conduct a name search. Look under Searchers of Records in the Yellow Pages to select a private firm that offers this service. An Alberta search costs less than $50. Once the name is approved, your business can be registered.

Intellectual Property

The Canadian Intellectual property office is where you can register and search intellectual property such as patents and trademarks.

Contact:

Industry Canada

Room 725, 9700 - Jasper Avenue

Edmonton, Alberta T5J 4C3

Telephone: 1-800-461-2646

www.ic.gc.ca

Trademarks

Trademarks are words, symbols and phrases that identify a product or service. Because they are the identity of your product it is important to protect your trademarks and shield their use from competitors. Trademarks do not have to be registered. They can become property over time. By registering a trademark you gain exclusive rights for 15 years and avoid the problems related to proving ownership. Trademarks can be renewed every 15 years. For more information on trademarks and to obtain a copy of the publication *A Guide to Trademarks*, contact Industry Canada.

Patents

A patent is a document protecting the rights of the inventor on physical objects. It gives the inventor the right to exclude others from making, using or selling his/her invention from the day the patent is granted by the government to a maximum of 20 years after the day which the patent application was filed. Note that recipes cannot be patented.

In the food manufacturing industry, patents are primarily used for protecting inventions for processing. Costs vary greatly depending on the complexity of the invention. For more information on patents, and to obtain a copy of the publication *A Guide to Patents*, contact Industry Canada.

Business Number (BN)

All businesses operating in Canada must obtain a business number (BN) from Canada Revenue Agency. The BN is a numbering system that simplifies and streamlines the way businesses deal with the government. A BN is assigned to each business and stays the same, no matter how many accounts a business has. It is based on the idea of one business, one number.

A business gets a BN the first time it registers with Canada Revenue Agency. The four major Revenue Canada business accounts are as follows:

- corporate income tax
- import/export
- payroll deductions
- Goods & Services Tax (GST/HST)

Businesses that register for a BN get one-stop business services from the government. This includes integrated new business registration, a consolidated approach for updating account information and integrated business account inquiries.

Contact:

Canada Revenue Agency

Edmonton District Tax Services

Suite 10, 9700 - Jasper Avenue

Edmonton, Alberta T5J 4C8

Toll-free: 1-800-959-5525

Calgary District Tax Services

Room 172, 220 - 4 Avenue SE

Calgary, Alberta T2G 0L1

Toll-free: 1-800-959-5525

www.cra.gc.ca

Business Structure

One of the first things you must do is decide how you want to organize your business. You may choose to operate as a sole proprietorship or you might decide it is better for your business to form a corporation, partnership or new generation co-op. Each type of business has different advantages, disadvantages and tax consequences. These are outlined on the following chart. Check with a lawyer and accountant for more details.

If you choose to organize your business as a corporation, then you will need to register with Service Alberta, Corporate Registry. As you expand and grow your business, you may need to register your company federally or with other provinces. Consult with your lawyer at that time.

For further information and registration sites, check the Service Alberta website www.service.alberta.ca

Structure	Advantages	Disadvantages
Sole proprietorships – Simplest way to set up a business. A sole proprietor is fully responsible for all debts and obligations related to his or her business.	– low start-up costs – greatest freedom from regulation – owner in direct control of decision making – minimal working capital required – tax advantages to owner – all profits to owner	– unlimited liability – lack of continuity in business organization in absence of owner – difficulty raising capital
Joint Venture – An agreement in which two or more persons combine their resources in a business with a view to making a profit. – Not a legal entity.	– simple and flexible – start-up and wind-down relatively easy – provides some degree of limited liability – assets remain individually owned – can work well for businesses in transition	– no tax advantages over sole proprietorship (taxes are distributed to all individuals)
Partnership – An agreement in which two or more persons combine their resources in a business with a view to making a profit. – Land, equipment and other assets may be owned by the partnership. – A legal entity, very similar to a limited company.	– relatively low start-up costs – additional sources of investment capital – provides some degree of limited liability (Limited Partnership) – broader management base	– the general partner has unlimited liability – lack of continuity – difficulty raising additional capital – hard to find suitable partners – possible development of conflict between partners – can be difficult to wind-down
Corporation (limited company) – A legal entity separate from its owners, the shareholders.	– limited liability – specialized management – ownership is transferable – continuous existence – separate legal entity – possible tax advantage (i.e. lower business tax) – easier to raise capital	– closely regulated and most expensive form to organize – charter restrictions – extensive record keeping necessary – taxation concerns
New Generation Co-op – Specific type of cooperative designed for agricultural value-added processing. – Legal entity in Alberta as of April, 2002.	– provides for the issue of designated shares, which carry the right (and obligation) to deliver – can be used as marketing co-ops – suited to community-based projects and fund-raising	– start-up costs may be high (legal and accounting) – may be tax disadvantages (compared to limited company) – co-op philosophy not shared by some investors – may be difficult to achieve good management

Value Chains

In this intensely competitive world of changing markets and technologies, businesses are faced with new demands, making it difficult for some to remain competitive. A value chain approach is an alternative business strategy used by some businesses to adapt to these changes.

What is a value chain? A value chain is an alliance of enterprises collaborating vertically to achieve a more rewarding position in the market.

The basic characteristics of a value chain is a market-focused collaboration; different business enterprises working together to produce and market products and services in an effective and efficient manner. Value chains allow businesses to respond to the marketplace by linking production, processing and marketing activities to market demands.

While companies in a value chain are legally independent operations, they become interdependent because they have common goals and work collaboratively to achieve them. They work over the long term discussing issues and troubleshooting problems together. It is more than just long term contracting.

For further information contact:

Agriculture and Food Council
www.agfoodcouncil.com

Alberta Agriculture and Rural Development
www.agriculture.alberta.ca

Working Closely with Professionals

Are you aware of the many decisions to be made, even before you start out, involving legal issues, taxation, insurance, finance, bookkeeping and accounting, hiring employees, etc.? These are often complicated and difficult to address without specialized expertise. Lawyers, accountants, bankers and insurance agents can offer assistance and advice that will help you avoid mistakes. They can save you time and money by addressing pitfalls before they occur. With time, the up-front costs associated with professional help is absorbed if your business goes as planned.

Accounting Advice

You may want to consult with an accountant to help you set up your business records. He or she can help you choose your annual accounting period, your accounting method and your inventory method. An accountant can also help you with strategic planning, cash management, compensation strategies, cost control and management information systems. There are many computerized accounting programs available. Choose the one that works for your situation.

Insurance

Most businesses need several kinds of insurance. Workers compensation and automobile insurance are required by law. Product liability insurance is not required by law; but in the specialty food business it is highly recommended. In practice, many distributors and retail locations require proof of such insurance before doing business with you. Other kinds of insurance, like liability, fire, business interruption, life, disability and key person are not required. These too may be desirable for your particular business.

Find an insurance agent whose advice you trust and discuss all of these types of insurance. Insurance agents will usually meet with you and make recommendations free of charge.

Taxation

All businesses operating in Alberta are subject to three levels of taxation: local, provincial and federal.

Local Taxation

The local taxation system is based almost entirely on property tax. Most property in Alberta is subject to assessment and taxation. This includes land, buildings and structures, machinery and equipment used for manufacturing and processing.

Some municipal governments also levy business taxes. This tax is usually a percentage of the gross rental value or floor space of the premises.

For more information, contact your local Assessment and Tax Department.

Provincial and Federal Corporate Taxation

All corporate residents in Canada are subject to income tax levied upon income earned within the taxation year from all sources, worldwide.

The owners of proprietorships and partnerships are required to record earnings as self-employed income on their personal income tax return. Corporations are required to file a return separate from the owner's prepared tax return.

Corporations located in Alberta must submit separate income tax returns to the federal government and to the Alberta government.

Contact:

Alberta Finance

Tax and Revenue Administration

9811 - 109 Street

Edmonton, Alberta T5K 2L5

Telephone: 780-427-3044

www.finance.gov.ab.ca

Canada Revenue Agency

Edmonton District Tax Services

Suite 10, 9700 - Jasper Avenue

Edmonton, Alberta T5J 4C8

Toll-free: 1-800-959-5525

Calgary District Tax Services

Room 172, 220 - 4 Ave., S.E.

Calgary, Alberta T0G 0L1

Toll-free: 1-800-959-5525

www.cra.gc.ca

The Income Tax Division of Canada Revenue Agency provides free booklets to help small businesses with their taxation responsibilities.

Goods and Services Tax (GST)

Most businesses and organizations carrying on commercial activities in Canada have to register for and collect the Goods and Services Tax (GST).

You must register for the GST if you are a person, business or organization operating in Canada with worldwide annual revenues from taxable supplies of goods and services over $30,000. Although small firms may not have to register for the GST, they may find it to their advantage to do so.

For more information, obtain the GST guide called *General Information for GST/HST Registrants.*

Contact:

Canada Revenue Agency

Suite 10, 9700 - Jasper Avenue

Edmonton, Alberta T5J 4C8

Toll-free: 1-800-959-5525

Room #172, 220 - 4 Avenue SE

Calgary, Alberta T2G 0L1

Toll-free: 1-800-959-5525

www.cra.gc.ca

Calgary District Tax Services
Room #172, 220 - 4 Avenue SE
Calgary, Alberta T2G 0L1
Toll-free: 1-800-959-5525

www.cra.gc.ca

Manpower and Labor

Federal law requires that all employers collect and remit Canada Pension contributions (CPP), Employment Insurance (EI) premiums and personal income tax to the Government of Canada. The employee and employer share deductions for EI and CPP contributions. Contact your local Revenue Canada Tax Service Office for more information. Their phone number can be found in the blue pages of your phone book.

Employment Standards Code

The Ministry of Human Services is responsible for administering the labor standards provisions under the Employment Standards Code. Issues include wages, hours of work, vacations and general holiday pay, maternity leave, termination of employment, and the employment of adolescents and young persons.

Contact:

The Ministry of Human Services office nearest you.

Alberta Health Care Insurance Plan

All employers with five or more eligible employees are required to form a group plan for payroll deduction of health care premiums.

Contact:

Alberta Health and Wellness
Attention: Alberta Health Care Insurance Plan
P.O. Box 1360, Station Main
Edmonton, AB T5J 2N3
Phone toll-free in Alberta: 310-0000 780-427-1432
Check website for registry agent office location
www.health.alberta.ca/AHCIP

Workers' Compensation Board

Under Alberta legislation, employers must register with the Workers' Compensation Board.

Workers' compensation is a disability insurance system set up under the Alberta Workers' Compensation Act. It protects both employers and workers against the impact of work injuries. It compensates injured workers for lost income, health care and other costs related to a work related injury. It protects employers from being sued by workers if they are injured on the job. This system brings stability and protection to the workplace by providing coverage at a cost shared by all employers. It also protects employers and workers against the risks and expenses of injury and the uncertainties of litigation.

General enquiries:

Workers' Compensation Board
9912 - 107 Street
Edmonton, Alberta T5J 2S5
Telephone: 780-498-3999
Toll-free: 1-866-922-9221

www.wcb.ab.ca

Food Processing Regulations

Do I need a permit or a license? All three levels of government have legislated acts and regulations dealing with food safety, packaging, labeling, licensing and taxation.

General Municipal Business Licensing Requirements

Most food processing businesses require a municipal license. Fees vary depending on the specific business.

The licensing department will refer your application to the local board of health, fire and police departments for their approval.

As well, all businesses must conform to zoning and by-law regulations designated by municipal governments. Construction and leasehold improvements require prior approval by the planning and building departments as well as your local health authority. Municipalities require a development building permit prior to issuance of any business license.

Know your area's zoning laws and obtain your permits before you build or sign a lease.

Contact the building or planning department in your municipality for information on the development permit process and steps in applying for a business license.

Alberta Environment Requirements

Alberta Environment requires that most food processing facilities be either approved or registered with the government department.

Contact the approvals engineer in your region for more information on the approval or registration application.

Lethbridge – 403-381-5322

Calgary – 403-297-7602

Red Deer – 403-340-7052

Edmonton – 780-427-7617

Grand Prairie – 780-538-5351

www.environment.gov.ab.ca

Food Safety Requirements

All food processors in Alberta are subject to the provincial *Public Health Act* and the Food Regulation (AR 31/2006), administered by Alberta Health Services. An inspection of a food processing facility by Alberta Health Services is required prior to commencement of operations. A food sales permit is also required and obtained from Alberta Health Services. For further information, contact a public health inspector at your local community health services office.

Chinook Regional Health Authority, Lethbridge, 403-382-6009

Palliser Regional Health Authority, Medicine Hat office, 403-529-8042

Calgary Health Region, Calgary, 403-943-1110

David Thompson Regional Health Authority, Red Deer, 403-341-8622

East Central Regional Health Authority, Camrose, 780-608-8800

Capital Health Authority, Edmonton, 780-342-2000

Aspen Regional Health Authority, Westlock, 780-349-8705

Peace Country Health Authority, Grande Prairie, 780-538-5387

Northern Lights Regional Health Authority, Ft. McMurray, 780-791-6024

www.health.gov.ab.ca

When is a Provincial License/Inspection Required?

Provincial inspection of a food processing establishment is required in the case of: dairy processing and meat & poultry processing.

Dairy Processing

Alberta Agriculture and Rural Development's dairy section administers regulatory functions pertaining to the Dairy Industry Act and National Dairy Code.

Contact:

Alberta Agriculture and Rural Development

Regulatory Services Division

Inspection and Investigation Branch

Provincial Building

4920 - 51 Street

Red Deer, Alberta T4N 6K8

Telephone: 403-755-1474

Processed Meats and Poultry

Alberta Agriculture and Rural Developments's Regulatory Services Division approves and licenses abattoirs, and inspects processes in accordance with the provincial Meat Inspection Act and Regulations (AR 42/2003). All meat and poultry products for sale in Alberta must be government (federal or provincial) inspected. Meat that is to be sold only in Alberta can be processed at a provincially inspected plant.

Contact:

Alberta Agriculture and Rural Development

Regulatory Services Division

Meat Inspection Branch

304, 7000 - 113 St.

Edmonton, Alberta T6H 5T6

Telephone: 780-422-2104

When is a Federal Establishment License Required?

Federal regulations cover meat products, dairy products, fish products, shell and processed eggs, fresh and processed fruits and vegetables, honey and maple products which are sold interprovincially and internationally (i.e. products destined for out-of-province sales).

Federal registration of a food processing establishment may apply if you manufacture food products containing any of the following commodities and are selling the product outside of Alberta:

- meat
- dairy
- processed fruit and vegetables
- honey and maple products
- shell egg and processed egg
- fish

Establishments requiring federal registration are monitored by the Canadian Food Inspection Agency (CFIA) to verify conformance with regulations on safety and wholesomeness, and for packaging and labeling to avoid fraud.

If you manufacture a food product containing any of the above commodities, you should contact the Canadian Food Inspection Agency (CFIA) to verify if your food processing establishment requires federal registration.

Canadian Food Inspection Agency

Calgary

Floor 1, Room 102

110 Country Hills Landing N.W.

Calgary, Alberta T3K 5P3

Telephone: 403-299-7680

Edmonton

Room 205, 7000 - 113 Street

Edmonton, Alberta T6H 5T6

Telephone: 780-495-3333

www.inspection.gc.ca

NOTE: If your food product falls outside of the definitions requiring federal registration, it is then subject to the Consumer Packaging and Labeling Act/Regulations, Food and Drug Act/Regulations and Provincial Food Regulations.

Packaging and Labeling

The federal government regulates all food products entering into all levels of trade. The Canadian Food Inspection Agency is a chief source of regulatory information for food processors regarding packaging and labeling. It enforces the Consumer Packaging and Labeling Act and regulations, the Food and Drug Act and regulations, the Canada Agricultural Products Act and regulations, and the Meat Inspection Act and regulations. On January 1, 2003, changes to the Food & Drug regulations resulted in changes to the nutritional labeling information which includes mandatory nutrition facts on all prepared foods, nutritional claims update and diet related health claims update.

Contact:

The Canadian Food Inspection Agency

Labeling Division

Suite 205, 7000 - 113 Street

Edmonton, Alberta T6H 5T6

Telephone: 780-495-3333

Floor 1, Room 102

110 Country Hills Landing N.W.

Calgary, Alberta T3K 5P3

Telephone: 403-299-7680

www.inspection.gc.ca

Organic Processing

A processor is defined as a person or company who performs any type of value-adding operation to raw products that have been organically produced. These operations include cooking, baking, heating, drying, mixing, grinding, churning, separating, extracting, cutting, fermenting, slaughtering, eviscerating, preserving, dehydrating, or other manufacturing which includes packaging, canning, jarring or otherwise enclosing in a container.

To maintain the organic integrity of a processed product, processors must adhere to national standard and be certified by a certifying body. These standards cover the requirements from the transportation and storage stages through to processing, packaging and labeling for processor certification. Some of these regulations include:

- Organic products cannot be mixed with non-organic products during storage and transportation.
- Only the permitted food additives and processing aids can be used during processing.
- Only the permitted pest control agents can be used on the product.
- A processed product can be labeled as organic if at least 95% of the ingredients, excluding added water or salt, are obtained from certified sources of production.

A complete listing of the national organic regulations and standards can be obtained from the Canadian Food Inspection Agency website:

www.inspection.gc.ca

▶ Facilities

What Kind of Facility Do You Need?

While working on product development, you also need to be thinking about your production facilities. The following should be considered:

- where you plan to sell your product
- availability of facilities in your community
- amount of money you have to invest in buildings and equipment
- long range plans for growth

Home Kitchens

If you prepare your product in your home kitchen, you are limited as to where you can sell the product. Alberta Approved Farmers' Markets are your only option.

Farmers' markets have restrictions on types of foods that can be sold, and regulations for the safe handling of the food. For example, no one can offer for sale home canned foods other than jam, jelly, pickles and relish. Pickles and relishes are products prepared from vegetables and fruits with salt, sugar and/or vinegar. Pickles include cucumbers, green pepper, beets, carrots, mushrooms, kimchi, sauerkraut, green tomatoes and onions. Relishes are a combination of these products. Other products need prior approval from the regional health authority.

Foods that may be sold include fresh vegetables and fruit and potentially non-hazardous home prepared food, such as: breads, buns, muffins, fruit leather and dry soup starters. Potentially hazardous foods can only be sold at farmers' markets if they have been prepared and packaged by or in a facility that has a food establishment permit.

Farmers' market requirements are a part of the Food Regulation (AR 31/2006) of the Public Health Act. Check with the regional health authority for complete details.

Food Establishment Permitted Facilities

If you want to expand sales beyond the farmers' market, or if your product does not qualify for farmers' market sales, you will need to explore other facility options. To sell food products in retail or to food service establishments, you must produce your product in a facility that has a food establishment permit issued by the regional health authority.

It is important to explore alternatives for food establishment permitted facilities. One option is to develop a separate area in your home. Another option is to rent commercial space. The third alternative is to build a processing plant.

Home-based Food Establishments

A home-based food establishment must be separate from your domestic kitchen. You must have a way to keep your domestic food activities completely separate from your business. Restrictions and regulations on operating a home-based food business vary with the municipality. Zoning regulations and the impact on your neighbors will be considered. You may or may not be required to submit plans to get a development permit. Before you can begin operating you will be required to get a food establishment permit from the health authority in your area.

Consider carefully the pros and cons of a home-based business. What affect will it have on your family now and in the future? What will the impact be if you want to expand?

Commercial Production Facilities

Before you build or renovate space for your own processing area, you may want to see if you can rent space from an established facility with a permit. These can include: community halls, restaurants, churches, local caterers and other food processors in your area with approved commercial space available for rent or lease.

It is a good idea to consult with the Public Health inspector about using the facility. You will still need a food establishment permit for your business, as well as a business license.

Examples of standard requirements:

- All surfaces, including the floor, walls, ceiling, counters, cupboards and shelving that is located in any storage, food preparation area or walk-in cooler/freezer, must be constructed of materials that are smooth, non-absorbent, free of cracks or crevices, easily washable, and of good repair and sound condition.
- Dry food storage space must be adequate for the size and type of food facility.
- Cold food storage equipment must be sufficient to store all perishable foods, and equipped with thermometers.
- Storage space for your employees' personal effects (i.e. purses, shoes, clothing) is required. Lockers located in the staff washroom are an example.
- All foods must come from an approved source. All water must be potable.
- A hand-washing sink is required in the food preparation area.
- There are two options available which meet the dishwashing requirements. The first is a three-compartment stainless steel pot sink, complete with drain boards and back splash, that's deep enough to submerge the largest cooking utensil. The second is a two-compartment sink and a commercial dishwasher, which meets National Sanitation Foundation requirements. Extra water heating equipment may be required if a high temperature dishwasher is used.
- An approved method of ventilation is required to remove odors, grease, smoke, steam and heat from areas where food is prepared.
- Adequate lighting and ventilation are required. Adequate make-up air is required for the proper operation of the kitchen exhaust system. Lights must be covered with shatter shields.

Co-packing

A co-packer is a food processing company that processes, packages and distributes a food product on behalf of another company. You may want to consider this route before making a major investment in facilities and equipment. If you are short of capital or if producing your product requires special equipment like bottling machinery, safety sealing or packaging equipment, or industrial kitchen equipment, this kind of arrangement may be a good starting point.

A contract with a processor spells out responsibilities and time lines for the processing of the product. Confidentiality agreements, drawn up by a lawyer, usually protect companies from having the co-packer take the recipe and produce a similar product that they can market while processing the product. A confidentiality agreement may be in force up to two years after the co-packer ceases to pack product for that company.

Using a co-packer can also give you the ability to test a product before launching into a full-scale production operation. You may be able to negotiate a number of services: recipe development, ingredient procurement and quality control. Processing costs are usually based on a per case or per pound basis.

Some small food processors have used hospitals, caterers, restaurants or bakeries as co-packers. They may process the products in off-hours to utilize their own staff and equipment more efficiently.

The *Alberta Agricultural Processing Industry Directory* lists companies by product category and is a good place to start searching for a compatible co-packer. Co-packers make sense if you want to tap into the expertise of an established food processor and utilize its processing and packaging equipment until you have established a strong market.

For a copy of the directory check Alberta Agriculture and Rural Development's website at: www.agriculture.alberta.ca or call a New Venture Coach at 310-FARM (3276).

Co-packing: Questions to Ask

- Does the co-packer's facility seem clean and well run? Can you inspect it whenever you want?
- Does the co-packer seem trustworthy? Has he had any problems with co-packing relationships in the past? Has he ever been sued?
- Who owns the formulation – you or the co-packer? Is the co-packer willing to agree explicitly not to make a competing product and to leave your customers alone?
- How flexible is the co-packer's operation? If your product is a success, will the co-packer be able to increase production to meet demand?

▶ Food Safety and Quality Assurance

Food safety refers to the production of food, which is safe and wholesome throughout the shelf life of the product. At the same time that consumers everywhere are demanding safe food, they also want high quality food.

Quality can be defined as the physical attributes of a product that make the food look, smell, taste and feel good. Many of the procedures used to manufacture a safe food product enhance the quality of your product. In turn, developing quality control systems in your manufacturing process contributes to a safe food product. Assuring a safe food product is fundamental to the success of your business.

Both provincial and federal government food regulations are focused on ensuring food safety. Food safety policy and the setting of standards rest with Health Canada. The Canadian Food Inspection Agency (CFIA) handles the inspection of food processing facilities.

As a food processor, one of your goals is to identify possible hazards associated with your product, processing and distribution, which could compromise the safety and quality of the food. You must understand the regulations and take the necessary steps to control hazards, which pose a health risk to the consumer.

Food Hazards

Hazards in food can be:

- microbiological (yeasts, moulds, bacteria and parasites)
- chemical (pesticides, cleaning and sanitizing solutions)
- physical (stones, insect parts, jewelry, pens and glass)

They can enter the food at any stage, from growing and harvesting through to the point of purchase or consumption.

Micro-organisms are small, living organisms. Some are beneficial and allow for the production of bread, cheese, wine and antibiotics. Others, like mould, cause foods to spoil. The micro-organisms known as pathogens make people sick by producing toxins or poisons. Microbial hazards are generally the most significant when it comes to food safety because you cannot see or smell them.

Microbes are found everywhere and can be transferred to food by insects, utensils, equipment, hands, air, dust and water. The requirements for microbial life and growth are similar to that of humans; food, water, warmth and in some cases oxygen. Microbes like the same foods we do. By growing in the food they cause food to spoil and illness in humans.

In food processing, the goal is to:

- reduce the levels of and /or remove spoilage organisms
- eliminate pathogenic micro-organisms
- control the growth of beneficial micro-organisms

It is important to minimize the contamination of the product from the time ingredients are received to the time of consumption. Storage instructions, best before dates and food preservatives help control microbial growth.

Food Safety Basics

The following safety basics help you produce safe food products.

- Examine food and its packaging when they are delivered to your plant and again when you are ready to use it. Avoid using damaged packages as the contents may have been exposed to bacteria or pest infiltration. When in doubt, throw it out!
- Sanitize counter tops, cutting boards and utensils just before use. Avoid cross contamination of surfaces and utensils by cleaning and sanitizing after each use. Keep a separate cutting board for each type of meat used.
- Keep the refrigerator at 4°C or less and the freezer at -18°C or less. Check your refrigerator and freezer with a thermometer. Thermometers that are not sealed units should be frequently calibrated in an ice-water bath until there is a level of comfort with its accuracy, thereafter as required.
- Don't let potentially unsafe food linger at temperatures where bacteria can grow. The danger zone is between 4°C (40°F) and 60°C (140°F).
- Always wash your hands with soap and hot water before you handle food. Use disposable towels for drying.
- Don't spread it around! Keep foods, like meat and their juices, separate from others during storage and preparations.
- Be sure that all staff are trained in and follow good personal hygiene and food handling practices.

Food Safety Management

Good Manufacturing Practices

Good Manufacturing Practices (GMPs) are based on Health Canada's code of practice *General Principles of Food Hygiene for use by the Food Industry in Canada*. These are internationally recognized practices and procedures that guide food processing operating conditions and processing plant environments to assure the production of wholesome and safe food.

Detailed in the guidelines are general hygienic practices for growing, harvesting, processing, packaging, storing, transporting, distributing and selling food for human consumption. Each practice is presented with a rationale and details of compliance under sections of interpretation. Copies of the Good Manufacturing Practices can be obtained from CFIA.

Contact:

Canadian Food Inspection Agency

Edmonton

Room 205, 7000 - 113 Street

Edmonton, Alberta T6H 5T6

Telephone: 780-495-3333

Calgary

Floor 1, Room 102

110 Country Hills Landing N.W.

Calgary, Alberta T3K 5P3

Telephone: 403-299-7680

www.inspection.gc.ca

The code allows for flexibility due to the variation in processing operations across the country. Companies need to adapt to their specific operations to ensure food safety concerns are being addressed. The following is a brief outline of GMPs.

Premises

The design and construction of buildings shall: permit the operations to be performed under clean, sanitary and orderly conditions; permit the effective cleaning of all surfaces; prevent contamination of the food; and prevent entry of pests to prevent hazards that might adversely affect the safety of food.

Equipment

Equipment shall be designed, constructed, maintained, operated and arranged to: permit effective cleaning; prevent food contamination of food by other food, dust and foreign material; and permit operation in accordance with intended use.

Personnel

Every person producing food shall: be trained to carry out the duties and responsibilities assigned; and conform to hygienic practices while working in contact with food, food processing equipment and packaging materials to prevent contamination and allow continuous production of safe food.

Manufacturing Controls

Written procedures must be available and followed to ensure the food does not result in a health hazard. Procedures shall include:

- identification of critical control points (CCPs)
- critical limits for CCPs
- monitoring program for CCPs
- corrective action in case of CCP violation
- verification procedures to confirm the food was produced in compliance with the written procedures

The goal of manufacturing controls is to prevent health hazards. This can be achieved using the Hazard Analysis Critical Control Point (HACCP) systems.

Sanitation Program

Processors shall have an effective and written sanitation program that is implemented under supervision of a designated person.

A written, implemented and supervised program assures the level of cleanliness in the establishment. This directly influences the safety of the food produced.

Records

Records of manufacturing controls, lot distribution and complaints must be made and retained for at least one year after the expiration date or for at least two years after the date of manufacture.

Recall

Manufacturers shall have a system that permits complete and rapid recall of any lot of food. The system is to include permanently legible code marks on each package.

The rapid removal of a product from the market is an effective method of protecting public health in cases where food presents a health hazard. Where a manufacturer initiates a health hazard recall, the regional office of the Health Protection Branch must be notified.

Transportation and Storage

Food shall be stored and transported to avoid: contamination of the food; rapid proliferation of micro-organisms in the food; and deterioration of the food or damage to the package to maintain the safety of the product throughout the distribution system.

Hazard Analysis Critical Control Point (HACCP)

Hazard Analysis Critical Control Point (HACCP) is a system of assuring food safety by eliminating or reducing hazards in the finished product. It identifies potential hazards your products could encounter, starting with raw materials all the way through to consumption. Procedures are then put in place to control hazards, monitor the critical points, react to non-conforming critical control points and assess the effectiveness of the systems.

For more information on HACCP, contact:

Alberta Agriculture and Rural Development
Safe Food Branch of Food Safety & Animal Health
Phone: 780-427-4054
www.agriculture.alberta.ca/aha

Alberta Food Processors Association
Phone: 403-201-3657
www.afpa.com

Canadian Food Inspection Agency
Phone: 780-495-3333
www.inspection.gc.ca

Agriculture and Agri-Food Canada
www.agr.gc.ca

Health Canada
www.hc-sc.gc.ca

Fisheries and Oceans Canada
www.dfo-mpo.gc.ca

Employee Hygiene and Health

The role of food handlers in the production of safe and wholesome food cannot be overstated. In dealing with packaging and raw materials through to the finished products, these people have the ability to make or break any quality management system. Training workers in the hygienic handling of foods, giving them a basic understanding of the nature of micro-organisms, chemical and physical hazards, and providing a written code of sanitary conduct leads a processor towards control of food safety.

The following is an example of a code of conduct for food handlers:

- Persons carrying a disease or who have wounds, skin infections, sores or diarrhea should not be working with food and should inform their supervisor that these conditions exist.
- All food handlers should have a medical examination prior to their employment.
- All food handlers must attend training sessions covering the guidelines for safe food handling, personal hygiene and the reasons for these guidelines. (Contact your local health authority for a course in your area.)
- All persons, including visitors, must wash their hands with soap and warm running water upon entering the processing area and as required throughout production.
- All persons, including visitors, entering the processing area must wear clean protective clothing, a hair covering and appropriate footwear for use only in the plant. This clothing is not to be worn outside, in smoking or eating areas or in washrooms.
- All jewelry, except medic alerts, must be removed prior to entering the processing area.
- Tobacco, gum, and eating or drinking are not permitted in the processing area.

Cleaning and Sanitizing

Cleanliness of the processing area, equipment and utensils is required to prevent contamination of the food and ensure food safety. Soil residues and films harbor micro-organisms and therefore must be regularly and effectively cleaned and sanitized.

A four or five step process to ensure the sanitary condition of equipment and facility is generally recommended. The steps include:

- pre-rinse
- clean
- rinse
- sanitize
- rinse (This depends on type of sanitizer as some may not need to be rinsed off.)

Cleaning is the removal of food residue and films with cleaning agents capable of penetrating, lifting, solubilizing and dispersing soil. Cleaning is followed by rinsing to remove the dissolved soil and chemical cleaning agent. The nature of the food residue, protein, fat or starch dictates the cleaning agents required (caustic soda, acid detergent, etc). Pitted surfaces, dead ends in pipes, rough welds, hard to reach areas and the build-up of resistant films are a few of the challenges to effective cleaning.

Sanitizing is the destruction of micro-organisms that remain on equipment and surfaces, after cleaning. Common chemical sanitizers are chlorine, iodine and quaternary ammonium compounds (quats). Each has different optimal uses. The choice of sanitizer depends on the microbes of concern and the material to be sanitized. Sanitizing is a time and concentration dependent process. Careful regard to directions is very important.

Food Quality

Assuring the quality of your product is fundamental to the success of your business. The foods people choose to eat depend largely on quality and consistency of quality.

Quality can be defined as the physical attributes of a product, which make the food look, smell, taste and feel good. Convenience, perception, nutrition and other factors that meet the needs of consumers are also attributes of quality.

Controlling the quality of your product requires that you define which attributes are of critical importance to your consumer. You must then establish limits on that attribute and establish a way to ensure the attribute remains within the limits during processing.

Quality Control

Quality control (QC) is best achieved through prevention of quality defects, in the same manner as is used to prevent food safety problems. Evaluate your product and identify the important quality attributes. Set up: control limits on the quality; a means of testing; the frequency of testing; and, a documentation procedure.

Establish a record keeping system for test results. Clearly describe what to do when product quality is out of limits. Staff should be well trained and responsibilities should be identified or designated.

Practical Quality Control for Small Companies

Specification sheets can be requested from suppliers of ingredients, raw materials and packaging. These should include specifications of quality and microbiological limits for their products. Spot checks of specified attributes further aids in the control of your product quality.

Formulations and processing procedures must be in writing and a check of methods must be established to ensure each procedure is performed accurately.

In developing and commercializing your individual product the important quality attributes are either prescribed or becomes evident with experience. Documenting the quality and including both objective and subjective measures of quality allows you to keep control as operations expand. This ensures that you can present the consumer with the same, high quality product time after time.

Defining a product may include chemical, physical or microbiological characteristics that are important to the quality and safety of the product. Quality attributes, such as color, flavor and viscosity, are important in the definition of the product. Where possible, use objective tests to eliminate subjective errors of judgment. In jams you would look at viscosity, pH and brix. These tests can usually be performed by anyone as it is the result that is important not the person administering it. These measurements are also routinely used during production to provide assurance that the quality is consistent from day to day.

Some tests can be done in your plant during production using simple equipment like thermometers, pH meters, water activity meters, refractometers and viscometers. Other tests may require more expensive testing equipment and trained staff. They can also be contracted to a local laboratory.

From each batch of product prepared, at least one sample should be taken and tested. The test can be as simple as a taste test to say okay or not okay, and a brief description of any problems. In all cases, the tests performed and results must be documented.

Regardless of the size of your operation, you should have a procedure to code and record where your product is sold. This is used in the event that product quality is not up to standard.

Small processors can determine product shelf life by storing products at conditions similar to that of retail operations and monitoring the product quality over time.

Processors can access a video package called *Safe Food Practices for Small Processors* from Alberta Agriculture and Rural Development for a $20 fee.

Contact:

Alberta Agriculture and Rural Development
Ag-Info Centre
310-FARM (3276)

▶ Product Development

Product Development is one of the most rewarding aspects of the food processing business. The development of new products is an integral part of the manufacturing and commercial process and can take a great deal of company resources. Therefore, the most important part of the process is planning.

The recipe for your product gives you only a start on the product that is to eventually reach the marketplace. Product development is a logical process and requires financial, marketing, management and production considerations.

The Development Process

Basic steps or stages in developing new products are:

- ▶ idea stage
- ▶ formula development
- ▶ sensory evaluation
  - taste panelling
  - consumer sampling
- ▶ scale-up
- ▶ packaging
- ▶ shelf life studies
- ▶ production run
- ▶ test marketing
- ▶ commercialization

Idea Stage

The idea stage involves dreaming and making every effort to determine the products consumers will purchase and continue to purchase. The following questions need to be answered: Does the product satisfy a consumer need? Will it be acceptable to consumers, wholesalers and retailers alike? Is it unique? Do you have the production technology to develop the product? Do you have the marketing skills to sell the product? What products does it replace or compete against? Will it return a profit?

Formula Development

Food scientists can solve shelf life and food safety problems of new products. They address questions such as: Is the browning reaction (a chemical reaction between ingredients causing a brownish surface color) a problem and, if so, can it be solved? Is light a factor in product or quality deterioration? Can texture or mouth-feel be improved? Is rancidity a problem? Will bacteria, moulds, yeasts or pathogens be a concern?

On preliminary screening, some ideas may not be selected for further development based on cost/price, availability of raw ingredients, market information, and the packaging and equipment needed. If it appears the product or products are cost effective, a prototype product can be prepared and the package and process designed.

In choosing products for formula development product safety, commercial ingredients, and additives and preservatives should be considered.

Product safety

You should assess food safety risks associated with the product and process, and include methods of controlling the risks in the formulation or process.

Preservation and processing methods used to assure food safety include:

- heating/cooking treatments
- cooling/freezing
- water activity adjustment (drying, salting, addition of sugar)
- controlling the presence of oxygen
- pH (acidity) adjustment
- the use of preservatives

Commercial Ingredients

Ingredients chosen for commercial production must have consistent quality to ensure the same in the final product. For example, the characteristics of lemon juice may change with the maturity and freshness of lemons and may alter the flavor and/or acidification of the product. Where long term consistency is needed, the use of a standardized commercially available lemon juice or lemon powder is advisable.

In commercializing a home recipe, the grade of raw ingredients must be considered from both a cost and quality viewpoint. For example, in developing a formulation for jams and jellies the quality of the raw ingredients, the use of commercial pectin and acidifying agents is considered to provide a standardized consistent product.

In choosing commercial ingredients, you are presented with quality characteristics and functions not available to the home cook. Technical assistance from suppliers, universities, research stations and food research centres can help you select the ingredients most appropriate for your product.

Consideration should also be given to the use of semi-prepared ingredients. Compare the overall cost of preparing these yourself (raw ingredient, storage, processing equipment, processing losses, labor, packaging) to the cost of purchasing them semi-prepared. Some semi-prepared raw ingredients include peeled vegetables, prepared pie shells, frozen diced onions and prepared salad dressings.

Fool-proof commercial production is the ultimate goal of every processor. Therefore, minimizing the number of individual ingredients that must be weighed and added should be considered in product development. Dry ingredients may be purchased pre-blended and unitized. Rather than weighing and adding different spices, additives, milk powder and starch, you simply add one unit to your batch along with the other required ingredients. These suppliers purchase in bulk. If your order is a reasonable size, it may be cost effective to purchase ingredients in this manner. Most commercial ingredient suppliers provide samples for testing and test production free of charge. This allows you to experiment to see which suppliers' claims are true for your product.

Additives and Preservatives

A food additive is an ingredient that is added to foods to help processing, preservation or quality improvement. Additives should not be used to disguise faulty or inferior manufacturing processes or to conceal damage or spoilage. Only the minimum amount of an additive necessary to achieve desired results should be used.

While consumers are somewhat wary of food additives, it is important to recognize that additives are used to help maintain safety and quality. Regulations govern the levels of additives and the specific foods to which each can be added. These are strictly regulated and are established at levels proven to be safe for consumption. All additives must appear in the list of ingredients on the label.

Sensory Evaluation

Sensory evaluation should run concurrently with formula development. This is the use of the senses (sight, smell, taste, touch, hearing) to evaluate a product. In product development, sensory evaluation allows you to measure response to the product as it is eaten. The goal is to develop a product that has the appearance, flavor and texture that the target consumer likes.

Trained panels are conducted under controlled conditions to identify specific quality attributes (e.g. sweetness). This is done as you assess the use of different ingredients during product development, substituting an ingredient, or assessing the stability of the product quality over a period of time (shelf-life study).

Consumer sensory evaluation trials can be done on prototypes or products ready for launch. This helps you gauge how close your product meets consumer expectations. Consumer panels should be made up of at least 50 consumers and be as representative as possible of the final target market.

Consumer sampling is often neglected by small food processors, but it can give valuable information about the product's potential success. A simple and inexpensive method of consumer testing is to present your product to consumers in its ready-to-eat state at

a farmers' market. Shoppers can be given a sample to taste and a questionnaire about the new product to fill out on-site. Sometimes the market will allow you to sample and at the same time have the product available for sale. Actual sales after tasting reinforce questionnaire results. For instance, if 100 people say they will purchase but only five purchase the product, there may be some question about the truthfulness of the answers. Written waivers should be used to obtain permission and to ensure that tasters do not have allergies to any of your ingredients.

The Alberta Agriculture and Rural Development, Food Processing Development Centre in Leduc has a sensory evaluation service available.

Contact:

Alberta Agriculture and Rural Development
Food Processing Development Centre
780-980-4793

www.agriculture.alberta.ca

Scale-up

Scale-up can be difficult. When scaling up your product from the kitchen to the commercial production level, the quality of the product can change. This makes adjustments to the formulation and processing operations necessary. The changes taking place during scale-up are unique for every product. Some examples of common adjustments for cooked foods include adjusting the amount of added water to compensate for more or less evaporation during cooking and adjusting the cooking time to assure that the proper temperature is reached to cook and thicken a starch.

Where a choice of storage methods exists for a product, each option should be evaluated with regard to processing and storage equipment requirements, consumer acceptance, food safety and quality, product shelf life, distribution channels and retail display space. How your product is stored may be prescribed by regulations.

The intended storage temperature (room temperature, chilled or frozen) affects the choice of ingredients and packaging materials in product development. For example, chemically modified starches, which provide freeze-thaw stability and prevent separation, are used for thickening gravies or pie fillings that are stored frozen.

There are an endless number of considerations in scaling up a formulation. The assistance of a food technologist, scientist or professional home economist may help you choose the proper ingredients and processing methods to withstand the stresses of large-scale production.

Packaging

Packaging is especially important because the package often sells a new product. Consumers want colorful, attractive and conveniently packaged products. Packaging should not impart flavor to the product or react chemically with the food. It should protect the product from physical, chemical and microbiological sources of deterioration. Packaging (shape, size etc.) should be compatible with the packaging equipment you are using and needs to be economical.

Shelf Life Studies

Shelf life is extremely important because a processor must know how long a new product keeps under a variety of temperatures and environmental conditions. The time period that a product retains prime quality (shelf life) is influenced by processing methods, storage and distribution temperatures, contact with oxygen and light, the use of preservatives and more. Products with a shelf life of less than 90 days must have a best before date on the label. For products with a longer shelf life it is desirable to know how long the product retains its prime quality under normal and adverse storage conditions to assure the customer purchases and consumes a high quality product. Statements such as "See bottom of container for best before date" or "Sell by" dates ensure that the best quality product reaches the consumer. The shelf life should be established through testing prior to launching a

product. The complexity of shelf life trials depends on the type of product and the desired shelf life. Advice and assistance from food scientists at this point can be useful.

Contact:

Alberta Agriculture and Rural Development
Food Processing Development Centre
780-986-4793

Production Run

Production includes making plans for a production line to manufacture the product. Do not arrange a full-scale production line until after successfully test marketing a new product. Many entrepreneurs rent facilities or have their products co-packed by an existing plant for test marketing.

Processing controls must be established to ensure consistent quality during production. Likewise, quality control procedures must be developed to determine if the standards are being met during production. They also signal when to take corrective action to prevent economic losses due to deviations or to ensure product safety.

Test Marketing

Test marketing for small processors means introducing a new product into a limited area, such as the town or city you reside in or a suburb of the city. It is important to select a site with a population made up of many ethnic groups and income levels. If the product fails, another product can be tried. If the product succeeds, it can be distributed in stages to progressively larger areas (local area, regional, provincial and national).

Commercialization

Commercialization is the next step and involves the start-up of full production and the implementation of the marketing plan. At this stage you launch your product to the target market. Be sure that you have made arrangements for a production facility and that you can produce enough product to meet demand.

There are services available through Alberta Agriculture and Rural Development and from private agencies to assist you in the development of your product. Generally speaking, there will be a fee for these services. For information on services that are available contact an Alberta Agriculture and Rural Development New Venture Coach at 310-FARM (3276).

▶ Processing and Packaging Equipment

Food processing equipment is used for sorting, cleaning (food and equipment), cutting, heating, cooling, mixing, moving, packaging, mastering and palletizing. Equipment is expensive so careful consideration should be given to the cost/benefit of capitalization. Is the savings or efficiency of using equipment sufficient to offset its cost in a reasonable period of time, as compared to the cost of employing more labor?

Selection of Equipment

Equipment suppliers can be found in trade magazines and directories. The selection of equipment must be based on the processing volume required, allowing for growth and the capacity of the equipment available. For example, high speed packaging equipment (300 packages per minute), is not appropriate for a company processing only 300 packages per day. Smaller volume, low speed continuous or batch equipment may be available. Small manufacturers may find the following sources most appropriate:

- restaurant and food service equipment
- small-scale equipment designed for pilot scale processing
- custom made equipment
- create what you need with the help of a handy person and some basic equipment
- used equipment

Suppliers may have equipment for rent or loan to test its compatibility with your product/process. They may also have a test facility where you can do a test run.

In considering the purchase or development of new equipment, consider the compatibility of the equipment with your current processing line. Ensure it is able to handle the production volume of the future as well as today. Ideally, it should be able to fill needs on more than one product line.

Considerations of Design

Processing and packaging equipment is chosen based on its ability to perform the function required, at the rate needed. Equally as important, and often overlooked, is the ability to easily and effectively clean the equipment.

Some basic sanitary considerations in choosing equipment are:

- Contact surfaces should be inert to cleaning and sanitizing chemicals, and food.
- Surfaces should be smooth, non-porous and readily cleanable.
- Stainless steel is the best material for equipment. Grade 18-8 is the most common as it resists corrosion and is easy to weld. The dairy industry has established 3-A standards of equipment construction, which guides design, and construction for sanitary processing activities.
- Aluminum, due to its light weight, is commonly used for utensils and pans. Be aware that it is easily pitted with alkaline cleaners and chlorine (from cleaners and sanitizers) making it difficult to clean. Cleaners should be carefully chosen.
- Brass, copper and aluminum are not commonly recommended as they promote reactions leading to off-flavors, color changes and rancidity.
- Wood should not be used, as it is porous and not readily cleaned or sanitized.

- Cast iron and black iron have little strength and poor resistance to corrosion, making them difficult to clean.
- Plastics must be carefully selected to ensure that no migration of the polymer into the food takes place causing off-flavor to the product. This is especially true for operations involving heat.
- Bearings should be "outboard" of the process stream to prevent grease and filth from entering food.
- Electrical connections should not be over the product stream and should be waterproof.
- With used equipment, check for corroded metal, rusted or rough welds or joints, cracked or worn gaskets and o-rings, and wearing metal parts.
- Welding should be smooth, polished and free of burrs and sharp corners.
- Inside corners should have about 1/4" radius.
- Sharp corners, cracks and exposed threads should be eliminated on all interior and exterior surfaces.
- For hand cleaning, interior surfaces should be easily accessible for cleaning and inspection.
- Clean-in-place (CIP) systems should be self-draining and not contain dead ends.

The Alberta Agriculture and Rural Development website has a listing of used processing equipment.

www.agriculture.alberta.ca

▶ Packaging and Labeling

Product Safety

Packaging, which includes the container and the label or graphics on the container, does more than attract the consumer. It also protects your product from contamination and deterioration throughout its' life. It must also provide information about your product, in compliance with federal food labeling regulations.

Labeling Regulations

The label on your food product must persuade a consumer to choose your product over a competitor's. It announces what your product is, what it is made of and possibly its nutritional content. Your label must comply with regulations.

The Canadian Food Inspection Agency (CFIA) is responsible for food safety and consumer protection. Labeling regulations fall under its' mandate. For detailed information on food labeling check out CFIA's *A Guide to Food Labeling and Advertising*. The Food and Drug Act and regulations and the Consumer Packaging and Labeling Act and regulations can be obtained from CIFA at www.inspection.gc.ca

The following information simplifies the basic labeling requirements for food products sold in Canada.

Clerk Served Items

If your product is unpackaged until the time of sale no label is required. For example a donut in an in-store bakery, which the clerk puts in a bag for you.

In-store Prepackaged Products

If your food product is manufactured and packaged on the premise before sale, or packaged from bulk on the premises, your label must display:

- common product name
- net quantity statement (in metric)
- name and address of responsible party
- durable life (if product has a durable life of less than 90 days). Durable life information must include the packed on date and a best before date and the in-store signage must outline storage conditions and shelf life.

Wholesale Pre-packaged Products

If you are wholesaling or distributing prepackaged products these are the labeling requirements:

- common product name
- net quantity statement (in metric)
- name and address of responsible party
- durable life date (if product has a durable life of less than 90 days)
- best before date with storage conditions if they differ from normal room temperature
- list of ingredients (listed in order of proportion – largest to smallest)
- bilingual labeling if sold outside the local government area

Farmers' Markets

Labeling must meet the requirements outlined for wholesaled pre-packaged products, as detailed above.

Nutrition Labeling

Nutrition labeling, depending on your product, may be a good marketing tool as consumers are increasingly interested in the health aspects of food and want to make good food choices. A nutrition label may swing their choice to your product. On December 12, 2002, changes to the Food and Drug regulations resulted in changes to the nutritional labeling information, which appears on food and beverage products. Businesses have from 3 to 5 years depending on the size of the business, to comply with the new regulations. These new regulations requires a standardized "Nutrition Facts" panel which includes information on 14 core nutrients, serving size and per cent of daily required amount of nutrient. Nutrient content claims and health related claims are optional but if stated must follow the new guidelines. For detailed information on the nutritional labeling requirements, contact CFIA.

Nutrition Facts **Per 125 mL (87 g)**	
Amount	% Daily Value
Calories 80	
Fat 0.5 g	**1%**
Saturated 0 g + Trans 0 g	**0%**
Cholesterol 0 mg	
Sodium 0 mg	
Carbohydrate 18 g	**6%**
Fibre 2 g	**0%**
Sugars 2 g	
Protein 3 g	
Vitamin A	**2%**
Vitamin C	**10%**
Calcium	**0%**
Iron	**2%**

An example of the "Nutritional Facts" information that is required for all labels.

Package Size Regulations

Many processed foods, such as jams, pie fillings, condiments and salad dressings, have standard package size requirements. For instance, jams, jellies, marmalades, fruit spreads and preserves can be sold in glass or metal containers, in volumes of 250 ml, 374 ml, 500 ml, 750 ml, 1 L, 1.5 L, 2 L, 3 L or 4 L. Complete details for these and other processed products are outlined in the Processed Product Regulations of the Canada Agricultural Products Act, available from CFIA.

Principal Display Panel

All the information on food labels, including graphics must be true and not misleading or deceptive and must be easily read and prominently displayed. The common name of the food and the net quantity must appear together on the principal display panel. The common name is prescribed by the Food and Drug Regulations ie., orange juice from concentrate, or the name by which the food is commonly known ie., chocolate cake. The name is the product's identity and its design helps define the personality of the product – add a personal touch by including a little about who produces the product or where it comes from.

Name and Address of Responsible Party

The name and address of the responsible party by or for whom a prepackaged product is produced must be declared on any label panel except the bottom in a minimum height of 1.6 mm. The address must be complete enough for postal purposes.

Durable Life

A durable life date ("best before" date) is required on prepackaged foods with a durable life of less than 90 days. Include storage instructions (if different than normal room temperature storage conditions).

Two digit bilingual symbols for the date must be used with year listed first, then the month (ie JA for January, SE for September) followed by the day (02 or 29).

Net Quantity Statement

Must be declared in metric units on the principal display panel. Net quantity is by volume for liquids, weight for solids, and count for certain foods. The following metric symbols are considered bilingual and should not be followed by a period: g for grams, kg for kilograms, ml for milliliters, L for litres.

Bilingual Requirements

All mandatory information on food labels must be shown in both official languages (i.e. French and English) when sold outside the local government area with the exception of name identity and address, which may be in either French or English.

List of Ingredients

Pre-packaged, multi-ingredient foods require an ingredient list, listed in descending order of proportion by weight in the food. Ingredients and their components must be declared by their common names.

Universal Product Code or Bar Code

The bar code is a 12-digit, all numeric, machine readable code that identifies the consumer package. A unique bar code is given to every product making product identification and retail inventory management simpler and more accurate.

Contact:

GS1 Canada

Suite 110, 720 - 28th Street NE

Calgary, Alberta T2A 6R3

Phone: 403-291-2235

www.gs1ca.org

Label Review Service

CFIA officers are pleased to assist you in applying the labeling regulations to your product, or in reviewing your food label to ensure it meets the regulations before you incur printing expenses. Contact the office nearest you for further information:

Calgary Office

403-292-4650

Edmonton Office

780-495-4270

www.inspection.gc.ca

Package Considerations

Characteristics of a good safe package from a technical viewpoint include:

- compatibility with the product, processing and storage conditions
- product protection from chemical, physical and biological sources of deterioration
- suitability for the intended final use of the product (e.g. microwavable)
- ability to withstand the stresses of distribution (e.g. will not degrade or break)

In choosing packaging materials you must first consider what product protection is needed, e.g. light, crushing, dehydration and oxygen. The protection offered by a package is determined by the nature of the packaging material and the package construction. Packages may be flexible (e.g. paper, foil, plastics), and rigid (e.g. cans, glass, plastic) or semi-rigid (e.g. cans, some plastic containers).

As a starting point you can look at what your competition is doing with their package and consider some of the basic pros and cons of common materials. Discussing your requirements with suppliers of packaging materials, packaging specialists and food scientists can help you make your technical packaging decisions.

	Advantages	Disadvantages
Paper	– generally low cost and readily available – can be coated or laminated to improve impermeability to liquids, gases and vapors – can provide rigid outer wraps or boxes – opaque and excludes light – printable	– not resistant to water, oil, grease
Glass	– does not react with food – can be transparent or colored to protect from light – strong – can be heat processed	– brittle – transparent – heavy – printing not common (expensive) – requires labels to be applied – safety of product (due to breakage)
Metal tin steel or aluminum cans	– can be coated to prevent reaction with food – can be heat processed – can be hermetically sealed – can be lithographed	– expensive and requires expensive sealing equipment – lithograph printing expensive, usually need additional label
flexible foils	– can be plastic coated for strength and heat sealing ability – good gas and moisture barrier in the absence of pinholes – may be printable	– may have microscopic pinholes allowing gas exchange with environment
Plastic	– range of materials with a variety of properties (e.g. oxygen transmission, moisture barrier, opaque or transparent)	– when laminated or co-extruded to give special properties may not be recyclable – printability depends on material used – heat sealability depends on material used

Consumer Appeal

"It's all in the package," is a favorite expression of marketers. To sell your product, you must attract and inform the customer. Unless someone has the opportunity to taste your product, the only chance you have of convincing a consumer to purchase is through your packaging. Tour any supermarket and note what catches your eye, and why. This will convince you of the important role of package design.

Look at the Competition

Before you decide on your package and label do some market research. Start by visiting stores that carry products you are interested in. Look at competitors' products. Look through the other aisles while you are there. You just might find some new ideas. Packaging changes constantly. What new innovations are there in tamper proof, recyclable and reusable packaging? Trade shows are great places to learn about package and label trends. You do not want to reinvent the wheel. You want to use existing containers, boxes, tins and bottles in new and exciting ways.

Your Market

Consider the consumer. Your market research has identified your target consumer. You need to keep this profile in mind when you design your package and your label. The package should relate to the product. The consumer should be able to tell what the product is, based on the type of package, be it a box, jar, bottle or plastic jug.

Your market also determines the package. If your product is sold primarily as a gift, it may require a slightly different presentation than a product sold primarily in a food store, alongside mass-marketed products.

The packaging should give consumers an idea of the cost of your product. If you have a slightly higher retail price, your packaging should reflect that. It implies that the product is a specialty item, and consumers should expect to pay a bit more.

The use of the product may influence decisions about the flexibility, the overall size, the closure and other issues. Availability and shipping costs are also a consideration.

Also think about store display. Shelf space is limited and some grocers and retailers have requirements for your product. If your package deviates from the standard shelf height for products like yours, you may find it hard to get your product into certain stores. Talk to retailers, grocers, distributors and container manufacturer about these issues.

The characteristics of a package which make it consumer friendly include:

- environmentally friendly (reusable, recyclable, minimal packaging)
- tamper evident or tamper proof
- easy to open
- convenient (sizes, re-sealable, etc.)

Check with local, provincial and federal departments of environment to identify any packaging restrictions that pertain to your product. Contact numbers can be found in the blue pages of your phone book.

Label Design

By now you have given some thought to your product package and size, and to mandatory labeling requirements. What about the design of your label? The label helps to convey the personality of your product. It is one of your best advertising opportunities.

Naming Your Product

The name of the product should tell consumers what it is. The name is the product's identity. Like its design, it helps to define the personality of the product.

Many specialty products are named for the person who created the recipe or for the place where the product is manufactured. These names help to lend a personal touch to the product and establish its personality. That is part of what lends charm and uniqueness to specialty food products.

Here again, it is important to think of your market. If your product is primarily a gift, you may want to consider using a location in the name. That would make it a nice souvenir for travelers to keep or give to friends. If your primary market is a specialty food store, an offbeat name that shows a bit of innovation may be in order.

Try out some names on your family, friends and anyone else willing to give you an honest opinion. Gauge the response to each.

Label Copy

Think about ways you can build on a sense of place and personality in your label copy. Leave a panel open to tell a little about who produces the product or where it comes from. It gives your product a personality that a mass-market product does not have. That personality is a strong selling point. It is one of the things that make specialty products appealing to consumers. Also include information on how to use the product. That information helps to broaden your appeal to a less sophisticated audience, who may not know exactly what to do with a certain type of seasoning, sauce or condiment.

Hang Tags

Also consider hang tags as an additional selling device. A hang tag is the tiny tag that hangs off the neck of many bottles. These usually carry recipe suggestions that add perceived value to your product and help to personalize it. A hang tag is also another way to increase the use of the product and to establish a connection with the consumer. If you have a family of products, this is also a place to cross promote.

Designing Your Label

Getting help from a graphic designer or a design firm is strongly recommended. A well designed label makes your product easier to sell to consumers, retailers, mail order catalogs, brokers and distributors.

Look for a designer or firm that has produced labels or package design. To find a designer whose work you like, walk the aisles of markets and retail shops and jot down the names of product labels that appeal to you. Contact the companies and ask for referrals.

It is not a good idea to work with a designer who is already producing a label for the manufacturer of a competitive product. In any case, most reputable designers would politely refer you to another designer or firm if they felt that working on your product would harm their relationship with their current clients.

Select a few designers and arrange to meet with them and to see a portfolio of their work. Discuss fees and expenses. Then determine whom you feel most comfortable working with.

Your decision should be based on your response to their portfolio of work, your feelings about how well you would work together and the proposed fee structure.

Remember, this is an important relationship. Your designer must produce a label and logo that will capture the essence of the product you have worked so hard to produce. There is a lot riding on the success of your decision, so be sure it is based on all the factors, not just on price.

Some designers work for a flat fee plus expenses. Others work for a fee plus royalties. The latter is sometimes an easier arrangement for a smaller producer as it allows you an initially lower fee for the design of the label and the first printing. If the product sells well and you reprint the label, the designer is paid a predetermined royalty, based on the print run.

There are creative ways to negotiate fee structures. Be honest about how much you can afford and let them tell you if they can work within your budget. Get a contract that spells out who retains the rights to the artwork and whether royalties are to be paid for future printings. Be specific about the press run and the royalty agreement. The graphic design industry has guidelines intended to help you and the designer create a contract that covers all of these issues and more.

Working With Your Designer

Your designer needs to know the package sizes, the number of colors available for printing and all the copy that must appear on the label.

You also want to discuss who your competition is and where you plan to sell your product. If your product is mass-marketed, the label needs a different look than a product available only at gourmet food stores or retail shops. You may need two different labels for the same product if you have two very different markets. Have your designer go to the market to see what other products look like and get a better sense of where your product will be sitting on the shelf.

If you have an existing product and want your package redesigned, take the package with you so that you can discuss what you like and dislike about the existing label. You may want to carry over some aspects of the existing label into your new design so that consumers can quickly identify your product on the shelf. The same is true if you are introducing a new addition to your family of products. You should build on the brand identity you have established with consumers. If they recognize some familiar aspect of the label, they may try your new product out of brand loyalty.

You can expect designers to show you sketches of the proposed design after your first meeting. You will meet to discuss the sketches and then the designer will revise the ideas and present you with a final sketch for approval. Then, they will commission artwork or produce the finished product. If you do not like the proposed designs and revisions, and feel you can no longer work with the designer; you can opt to terminate the relationship by paying him what is called a kill fee. But, if you have carefully and thoughtfully done the preliminary work of interviewing, looking at portfolios, and checking references, this should not happen.

Sometimes it is hard to choose which design you like best. If that is the case, show the sketches to family and friends, retailers, brokers, or distributors. It is always a good idea to get other reactions. Remember, you are so close to the product that you may overlook some aspect of the design or presentation of information. It is also a good idea to show a copy of the proposed design to the printer to ensure that he can reproduce the design without any problems or additional charges.

Before you print your labels: A final checklist

- double check the information.
- make sure the label is easy to apply to the container. Try one to make sure it wraps and sticks without effort or wrinkling.
- check trademark notations, where applicable.
- make sure all legal label language is included.
- have a new set of eyes read all of the copy before you ship the final artwork to the printer.
- be sure to have your label reviewed by a CFIA inspector.

For information on packaging and labeling suppliers visit Alberta Agriculture and Rural Development website at www.agriculture.alberta.ca

▶ Distribution and Sales

Distribution is the means of getting your product into the hands of consumers. Although distribution methods and strategies vary depending on the individual company, its product, business plan and target market, there are six basic ways to get products distributed. These include:

- direct sales to the consumer
- direct sales to retailers
- direct sales to food service
- contracting with a distributor
- contracting with a broker
- co-packing for private labels
- industry trade shows

A key factor in developing your distribution plan is the availability of your product. Because small producers often are not equipped for large scale production, they often begin by introducing their product into a small geographic area. Your five-year plan could call for you to introduce your product locally, then expand the market to include the whole region and ultimately make the product available nationally. When developing this plan, consider your potential customers, the shelf stability of your product and shipping costs. Also consider using brokers and distributors or filling orders by mail as alternate ways of penetrating distant markets. You probably will not be able to call on retailers and distributors nationwide. Of course, if your product is a regional specialty, you will have limited markets beyond your home territory and may not be able to expand to national distribution.

The growth of your production capability should not be rushed. Do not overextend yourself by selling to too many outlets, too soon. Grow the business gradually so that you can fulfil orders in a timely fashion, without straining your systems. Do not contract with distributors, brokers or retailers until you are confident you can fill your orders on time, both now and in the near future.

Many new companies sell product directly to the retailer. Competition for shelf space is fierce and until you can demonstrate that your product will sell, distributors and brokers may be skeptical about trying your product. You need to make the rounds, pitching your product to retailers at gift shops, specialty food stores and retail locations. That is another reason to introduce your product in a small area at first.

Direct Sales to the Consumer

There are several avenues available to companies wanting to sell their products directly to the consumer. Selling direct is suited to specialized products or a small number of customers. While it eliminates the middleman, the processor takes on most of the marketing and distribution functions. Companies can sell direct by using:

- farmers' markets
- special events
- craft shows
- mail order
- the internet

Direct Sales to Retailers

The available markets for food products are expanding. There are many more options and outlets than in the past. Primary markets include specialty food stores, independent and chain grocery stores, delicatessens, bed and breakfast establishments, kitchen and cookware stores, retail shops, gift shops, gift basket businesses and buyers' clubs. The demand for shelf space is fierce, therefore marketing programs geared to retailers and consumers are critical.

Direct Sales to Food Service

The variety of food service establishments vary from snack bars to white tablecloth restaurants and the need for products and services are equally as diverse. Products are sold in bulk and therefore will usually reduce your labeling and packaging requirements.

Distributors

A distributor buys your product and resells it, at a profit, to his accounts. The benefit of using a distributor is that they do the job of selling your product. Distributors offer experience, contacts and market segments such as gift stores, grocery chains, delicatessens, food service or specialty food stores. They have existing accounts and work to increase their market share.

Brokers

While distributors buy product from you, brokers do not. They represent your product in return for a commission on sales. They sell directly to retailers and distributors. In some respects, brokers act in much the same way as a company salesperson by selling, maintaining accounts and representing your product directly to the buyer. A broker is useful when you are attempting to market a product into a new outlet or region.

Private Label

Private label products are made for retail buyers, wholesalers or brokers who exclusively own and utilize the label name. Superstore's *President's Choice* is an example. The manufacturer is under contract to produce the product according to the specifications of the label owner. The owner promotes and advertises the product.

Industry Trade Shows

Most industries hold trade shows or exhibitions to display the latest products and services offered by suppliers to the industry. Trade shows provide a forum to discuss new products, services and technological developments. They are also an opportunity to increase client contacts and sales. For information and a listing of some of the trade shows available check the Alberta Economic Development Authority website www.alberta-canada.com

For more information on the topics in this section see the resources section, page 59.

▶ Promotion

In order to sell your product, you need to promote it to wholesale buyers and to consumers through a combination of efforts including public relations, advertising and sales promotions. There are two target groups to reach; those who buy the product for resale and consumers who buy for their own use. Each target group should have a specific type of promotion.

Public Relations

Public relations is the activities an organization undertakes to create and keep a favorable public image of itself. One part of this can be promoting your company through media. If you are successful, the media generates positive stories about you and your product that provide you with publicity you can not buy. It is a third party endorsement that adds to your product's credibility.

After you have done the work of building the profile of your customer (if you also want to reach buyers and distributors you will need to build the same type of profile), you can create materials to sell your story to the media.

You can act as your own public relations firm or turn to a professional. Getting media attention takes concerted effort and a working knowledge of what media yields results. Public relations firms deal with the media every day. They know the writers, editors and broadcast producers. They can reach them and speak their language. They know the mechanics of sending out media releases, follow-up letters and faxes. They also know whom to contact and when to get the information out. They know how to pitch your product and how to send out samples. But there is no reason you can not learn all of this, over time, and handle your own public relations. After all, you should be the ideal spokesperson for your company.

If you decide to use an agency, pick one that has a good track record working with other clients who are also selling specialty foods. A firm that has successfully represented specialty food producers understands your market and has contacts with food editors and writers. It is money well spent. An agency usually gets a 15 per cent discount on the advertising space they place, so they should not charge you for placing ads, just for creating them. It is important to find an agency that is willing to work within a limited budget and is clear about costs and fees. Do not always pick the largest agency. Small agencies may enjoy the opportunity to grow with you. You might also receive more attention.

Public relations is the least expensive way to reach the widest potential audience, but there is a catch. It takes time to make inroads. You have to allow time to produce results. It often takes several efforts and repeated contacts before many editors and writers acknowledge your efforts. You need a good media release that features an interesting angle to make your story a compelling read. And remember, you can not buy editorial coverage. You can package information in a compelling way and you can direct information to the proper people, but you can not guarantee that you will get press coverage.

The goals of a public relations campaign are to gain credibility through media coverage, to build brand and name recognition, to reinforce your efforts to reach retailers and consumers, and to create a public image for your company. Be sure to get exposure in trade publications as well as consumer publications. Your media list should also include radio and television.

The media release is a vehicle that gets news about your company and your products to the media. It can announce a new product, a milestone in your company's history, new people in top management roles, an award you have won or a special event. A media release should be concise (it is best to keep them to one page), clear, factual and well written. Lead with a catchy headline or subhead, include the basics (who, what, when, where, why), use active words and short sentences, avoid overstatement and jargon, and include background information about your products/services.

Another tool is the pitch letter. This is used to suggest a story idea to an editor or writer. A pitch letter is similar to a media release in that it describes your product or service and tells why it is newsworthy. You might include samples or photos and some recent media releases.

Media representatives usually attend trade shows. Find out from the promoter what television or radio stations, newspapers and magazines are attending. Send them information about your product in advance of the show and invite them to stop by your booth. Be sure to have media information available at the show.

It is important to follow up with the media. This reinforces your message and begins the process of developing relationships with media people.

Advertising

When determining if and where you are going to advertise, you need to know both geographic and demographic information about your markets. With this knowledge, you can determine where you want to advertise: newspapers, magazines, radio or television.

Advertising is expensive. To be effective, your ad should run more than once in the same place. Repeat advertising works better than a one-time shot. Think about how you as a reader recognize ads that you see over and over. The message seeps through a little more each time you see the ad. Repeated exposure lends familiarity and credibility. It also helps prompt someone to reach for or ask for your product. Seeing your ad also makes your retailers and distributors happy. As is the case with public relations, if retailers and distributors see your product in the media, or if they see your ads, they feel better about representing you. It validates their belief in your product and supports their efforts to sell the product.

You can choose to handle advertising yourself or you can hire an advertising agency. An agency can help you with logo and advertising design. It will also make advertising recommendations and work out a budget for you.

Before you start your advertising campaign, you need to know about your competition, where you plan to sell your product and your goals. You also need to have an advertising budget. If you hire an agency, make sure they have all this information, and sample your product. They can not represent you properly if they do not know what your product looks or tastes like. Study samples of competitor ads and products, focusing on why your product is different. Remember, you are looking for fresh, creative approaches.

Local TV stations, radio stations and newspapers usually have in-house advertising people who can help you develop and produce your ads. It is possible to create simple black and white print ads on a desktop computer. There are many affordable computer programs that can lead you through the design steps and allow you to create attractive and effective ads for newspapers and newsletters.

When you are ready to place ads, contact the publication and ask an advertising salesperson to send you a rate card. Rate cards outline the costs and explain the circulation breakdown. In many cases, the publication can work with you to design an ad if you do not have one prepared.

Advertising agencies will write, design and arrange for placement of your ads in various media. Make sure that you negotiate the rights to any design. Use phone books, newsstands, bookstores and libraries to develop your list of media outlets.

Sales Promotion

Sales promotion is the umbrella phrase for anything that helps sell your product to the consumer, distributor or retail buyer. It can also help promote your product to the press.

Sales promotional material is rather straightforward. A good sales piece, sometimes referred to as a slick, is usually 8 1/2" x 11" and printed in four colors. It includes color pictures of and information about your products. You may include order information, but you should always include your company name, logo, address, phone and fax. Including prices restricts the life of the piece. A better idea is to insert a photocopied price sheet.

You can work with your ad agency or a local graphic designer to create and produce a sales slick. Printers often offer full service design and printing. As with other creative work you commission, negotiate the rights to all the creative material that is being produced. Do not let the studio or the printer maintain the rights or you will be locked into using that vendor for future printings.

To find printers or a graphic designer capable of producing slicks, check with your local trade association or talk to other processors to get their recommendations. Get samples from any firms you are thinking about hiring. Make sure to proof everything before it gets printed.

Shelf talkers are another popular sales promotion tool. These are small printed pieces that are positioned in front of your product on the grocery shelf. A shelf talker is a way to catch consumers attention as they make their way down the aisle. You can include information about product use, a recipe, nutritional value or other information that may compel a consumer to buy your product. You will want to talk to your distributor or retailer before creating your shelf talker. Make sure your retail outlet permits the use of these devices and find out what their specifications are before you begin to produce the piece.

You will also need to have color photographs of your product. These are used to create the images for your sales slick and other public relations opportunities. Sending professional photographs with media releases increases the chance of having your product pictured. Professional photographers know how to light and compose photographs so they present your product in the best possible way. Always insist on retaining the rights to all photographs and slides for any future use. You should spell out the rights in your agreement with the photographer. They should include the right to use the photograph for advertising, promotion, publicity and publication.

There is no end to the ways you can promote your product. Think creatively. Where dollars are scarce, imagination is important. Keep copies of all of the press coverage you receive so that you can use them when you are trying to sell your product to a retailer or distributor. Send out samples of your product to the media. Talk to stores about product sampling. Donate product to be used for local benefits. For further information see the resources section on page 59.

▶ Financing

Financing Your Business

It is said that there is really no such thing as risk capital from a bank. Although banks are concerned with the high risks of new businesses, they are still the chief source of debt financing for small and medium size businesses in Canada.

Be prepared to invest most, if not all, of your personal assets in your business. You can not expect a bank to assume a risk that you are not willing to undertake. Your projected income statement, along with your financial needs, indicates the size of your loan and ability to repay the funds.

Your projected income statement should detail your projected revenue and expenses. You must prove to investors or lenders that your proposed statement is realistic and obtainable. Many numbers for this statement can be acquired through market research and analysis. Projections should be for three years.

Along with your projected income statement, detail your cash needs for fixed asset purchase, inventory and associated start-up costs.

Banks usually request business resumes and personal net worth statements from all business principals. When applying for any loan, be prepared to sign an unlimited guarantee form. Should your company default on repayment, this commits your personal assets.

Sources of Financing

There are a number of sources of financing for a business venture. Funding sources generally fall into three categories

1. Equity Capital

Equity capital is the amount of money that you and/or your partners put into the business, or raise from other investors. Equity capital is not debt. While investors share in the profit and losses of the business, their investment is not a loan.

- **Personal Investment**

  Personal savings, securities, real estate and other personal assets are the most obvious source of cash for equity financing. Friends and relatives may provide additional sources of funds. Personal investment demonstrates a faith in and commitment to your business. This is important to other potential investors and lenders.

- **Partnership Investment**

  Obtaining a partner means that ownership of the business, including profits and liabilities, is normally shared.

- **Shared Investment**

  A business may be incorporated as a private or public corporation. A private corporation can have up to 50 shareholders, but it cannot sell shares to the general public. Public corporations can sell their share to anyone. They provide the greatest opportunity for raising equity capital. However, offering shares to the public can be a long, complicated and expensive procedure.

- **Venture Capital Firms**

  These firms provide equity financing, usually for high risk enterprises with potential. As a general rule, venture capitalists plan to liquidate all or part of their investment in a business for a substantial profit within five to ten years.

2. Debt Capital

Debt capital is the amount of money borrowed and used to establish the business.

- **Term Loans (Fixed Assets)**

  Term loans are used to finance fixed assets, leasehold improvements and other long-term business assets. The loans are usually secured by the assets and standard guarantees.

- **Small Business Loan Program**

  These loans are guaranteed by the federal government at a rate of no more than prime plus 3 per cent. To be eligible, a small business must have annual gross revenues of less than $5 million. Capital is available to finance fixed or moveable equipment, construct, purchase or improve a facility. The maximum available is $250,000. Contact any chartered bank.

3. Working Capital

Working capital is the excess of current assets over current liabilities. It is the money available to finance the routine operations of the business.

- **Operating Loans**

  These loans are usually termed lines of credit, and are used to finance inventory and receivables. Operating loans usually fluctuate over the year, according to your business needs. These loans solve short-term cash flow problems and are secured by accounts receivable and inventories. The loans are usually secured by the assets and standard guarantees.

Potential Sources of Capital

- Agriculture Financial Services Corporation (AFSC)
- Alberta Women's Entrepreneurs (AWE)
- AVAC
- Banks – small business loans
- Business Development Bank of Canada
- Farm Credit Canada
- Western Economic Diversification

For additional information see the Sources of Assistance section on page 53.

▶ Sources of Assistance

Alberta Agriculture and Rural Development

www.agriculture.alberta.ca

Alberta Agriculture and Rural Development supplies a wide range of technical, financial, planning and market development support for farms, agribusiness and food processors.

For anyone starting a new business, the first point of contact is the Alberta Agriculture New Venture Specialist. The staff provides coaching in product development, marketing and financing your business. They also will assist in determining resource people and information, which is needed and will assist in creating a team of specialists that can help you in developing your idea.

Call toll-free: 310-FARM (3276) and ask for a New Venture Coach.

Alberta Agricultural Research Institute (AARI)

www.aari.ab.ca

The Alberta Agriculture Research Institute is the primary agency in Alberta for funding, coordinating and promoting strategic agricultural research initiatives and technology transfer in the agriculture and food sector.

AARI provides funding opportunities to help achieve a stronger research and innovation system that assists the agricultural and food industry of Alberta to be globally competitive, environmentally sustainable and encourage a vibrant rural economy. AARI focuses on life sciences, environmental and value-added technologies and continued emphasis on improving primary production technologies.

Through funding research and development projects and programs, AARI supports discoveries and platform technologies to sustain and improve the quality of life in Alberta.

Contact:

Alberta Agricultural Research Institute
500 Phipps-McKinnon Building
10020 - 101A Avenue
Edmonton, Alberta T5J 3G2
Telephone: 780-427-1956

Alberta Food Processors Association (AFPA)

www.afpa.com

The Alberta Food Processors Association (AFPA) is a non-profit organization representing all segments of the food and beverage industry: growers, processors, retailers, foodservice buyers and service suppliers.

AFPA's role is to help its members capitalize on growth opportunities in Alberta and beyond. This is accomplished through umbrella promotional programs designed to increase consumer awareness for both retail and food service, training and development programs, human resource assistance, networking opportunities and by providing programs to help companies become stronger international competitors through market information.

Contact:

Alberta Food Processors Association
Suite 100W
4760 - 72 Ave S.E.
Calgary AB T2C 3Z2
Phone: 403-201-3657

Agriculture and Agri-Food Canada

www.agr.gc.ca

Agriculture and Agri-Food Canada provides information, research and technology, and policies and programs to achieve security of the food system, health of the environment and innovation for growth.

There are a number of programs available to assist people in achieving their goals such as Agriculture Policy Framework Renewal Program, Advancing Canadian Agriculture and Agri-Food program (ACAAF).

Contact:

Check the web site for more program details and specific program contacts.

Agriculture Financial Services Corporation (AFSC)

www.afsc.ca

Agriculture Financial Services Corporation offers a unique portfolio of innovative financing options to help meet the capital needs of the rapidly expanding agriculture industry.

AFSC clients include those involved in food and non-food processing, commercial-scale intensive livestock production, nutraceuticals, and manufacturers or service companies supporting the industry. If you are a new or expanding Alberta business, AFSC maybe able to provide the capital and financial counsel you need.

Contact:

Toll-free: 1-800-661-3811

AVAC

www.avacltd.com

AVAC invests in innovative ideas that add value to agricultural commodities. They invest through coaching, knowledge, contacts and financial resources.

To be considered for financial assistance your project must add value to an agriculture commodity, be early-stage, innovative and fit one or more of AVAC's four focus areas (new and enhanced food products, wellness products, industrial or non-food applications and new technologies that enable value-added agriculture).

Contact:

AVAC
Suite 220, 6815 - 8th Street NE
Calgary, Alberta T2E 7H7
Telephone: 403-274-2774

Business Development Bank of Canada (BDC)

www.bdc.ca

BDC is a financial institution, which plays a leadership role in delivering financial services, consulting services, subordinate financing and venture capital to Canadian small and medium-sized businesses, with a particular focus on technology and exporting.

Contact:

Toll-free: 1-877-BDC-BANX (232-2269)

Community Futures

www.cfnsa.ca

The mandate of the Community Futures Development Corporations (CFDC) is community and business development in areas outside major urban centres. CFDC deliver a variety of services including: local strategic economic planning, technical and advisory services to businesses; loans to small and medium-sized businesses; and, self-employment assistance programs. There are 27 CFDC located across Alberta.

Contact:

Visit the web site to locate the office closest to you.

Canada Revenue Agency

www.cra.gc.ca/sred

The Scientific Research and Experimental Development program is a federal tax incentive program to encourage Canadian businesses of all sizes and in all sectors to conduct research and development in Canada that will lead to new, improved or technologically advanced products or processes. You can apply for investment tax credits for expenditures such as wages, materials, machinery, equipment, some overhead and contracts.

Given this program is administered under the Income Tax Act, consult your accountant to get professional advice on your eligibility.

Contact:

Canada Revenue Agency
720 Harry Hays Building
220 - 4th Avenue S.E.
Calgary, Alberta T2G 0L1
Telephone: 403-691-5890

Farm Credit Canada (FCC)

www.fcc-fac.ca

Farm Credit Canada (FCC) offers a range of flexible financing products and business services to support primary producers and value-added agribusinesses beyond the farm gate. Many products and services are delivered through alliances with industry partners. FCC is devoted to helping farmers and agribusiness operators grow, diversify and prosper.

Contact:

Toll-free: 1-888-332-3301

Food Beverage Canada (FBC)

www.foodbeveragecanada.com

Food Beverage Canada (FBC) is an industry association committed to the development of export strategies and programs that will strengthen and increase its members' share of global food and beverage markets. The FBC is an alliance of provincial food and beverage associations in Manitoba, Saskatchewan, Alberta and British Columbia.

The programs and services that are provided can help you enter the export arena for the first time, expand your export markets or to solidify your presence in a current market.

Contact:

Food Beverage Canada
#201, 17904 - 105 Avenue
Edmonton, Alberta T5S 2H5
Toll-free: 1-800-493-9767

Industry Canada

www.ic.gc.ca

Industry Canada's mission is to foster a growing competitive, knowledge-based Canadian economy. The department works to improve conditions for investment, improve Canada's innovation performance, increase Canada's share of global trade and build a fair, efficient and competitive marketplace. Program areas include developing industry and technology capability, fostering scientific research, setting telecommunications policy, promoting investment and trade, promoting tourism and small business development, and setting rules and services that support effective operation of the marketplace.

Contact:

Industry Canada
Room 725, 9700 Jasper Ave
Edmonton, Alberta T5J 4C3
Telephone: (780)495-4782
Toll-free: 1-800-461-2646

National Research Council/Industrial Research Assistance Program (I.R.A.P.)

www.nrc.ca/irap

The National Research Council's Industrial Research Program is designed to help small and medium-sized enterprises meet the unique challenges they face in bringing new products, processes or services to market. This program helps enterprises access, develop and utilize new technologies and knowledge essential for growth.

Services include:

- technical information to facilitate innovation in production, development of new products, processes, etc.
- financial contributions toward short-term technical problem solving and technology enhancement products
- diagnostic services to assist companies in strategic planning to improve their competitiveness

Contact:

National Research Council
Industrial Research Assistance Program
250 Karl Clark Road
Edmonton, Alberta T6N 1E4
Toll-free: 1-877-994-4727

Western Economic Diversification Canada

www.wd.gc.ca

Western Economic Diversification Canada supports activities that develop and diversify the Western Canadian economy. Funding is focused on activities that support innovation, promote a competitive and expanded business sector in Western Canada, and develop sustainable communities that improve the competitiveness and quality of life in the West.

Contact:

Western Economic Diversification
Suite 1500, Canada Place
9700 Jasper Avenue
Edmonton, Alberta T5J 4H7
Telephone: 780-495-4164

Suite 400, 639 - 5 Avenue S.W.
Calgary, Alberta T2P 0M9
Telephone:403-292-5458
Toll-free: 1-888-338-9378

Alberta Women Entrepreneurs (AWE)

www.awebusiness.com

Funded by Western Economic Diversification Canada, AWE is active in the four western provinces. Each operates as a non-profit organization led by a volunteer Board. The services provided are designed to help women start and grow their own businesses. These services include training options, networking opportunities, advisory services, business loans, and referrals to complementary services.

Contact:

Alberta Women Entrepreneurs (AWE)
Toll-free: 1-800-713-3558

308, 10310 Jasper Ave. (Melton Bldg.)
Edmonton, AB T5J 2W4
780-422-0756

370, 1202 Centre St., S.E.
Calgary, AB T2G 5A5
403-777-4258

▶ Additional Resources

Quick Contact List

Name	Phone		Website
Agriculture & Agri-Food Canada			www.agr.gc.ca
Agriculture & Food Council			www.agfoodcouncil.com
Alberta Agriculture and Rural Development			www.agriculture.alberta.ca
Ag-Info Centre		310-FARM (3276)	
Food Processing Development Centre		780-986-4793	
Food Safety Division		780-427-6159	
Regulatory Services Division	Edmonton Red Deer	780-422-2198 403-755-1474	
Alberta Economic Development Authority		780-415-1319	www.alberta-canada.com
Alberta Environment (approvals engineers)	Calgary Edmonton Lethbridge Red Deer Grande Prairie	403-297-7602 780-427-7617 403-381-5322 403-340-7052 780-538-5351	www.environment.gov.ab.ca
Alberta Farmers' Market Association		780-644-5377	www.albertamarkets.com
Alberta Food Processors Association	Calgary Edmonton	403-201-3657 780-444-2272	www.afpa.com
Alberta Health Insurance Plan	Calgary Edmonton	403-297-6411 780-427-1432	www.health.alberta.ca
Canada Border Service Agency	Toll-free:	1-800-461-9999	www.cbsa-asfc.gc.ca
Canada Revenue Agency	Toll-free:	1-800-959-5525	www.cra.gc.ca
Canadian Food Inspection Agency	*General Information*: Calgary Edmonton	 403-299-7680 780-495-3333	www.inspection.gc.ca
GS1 Canada	Toll-free:	1-800-567-7084	www.gs1ca.org
Health Canada			www.hc-sc.gc.ca
Industry Canada	Toll-free:	1-800-461-2646	www.ic.gc.ca

continued

Name	Phone		Website
Alberta Health Services			www.albertahealthservices.ca
Aspen Regional Health Authority	Westlock	780-349-8705	
Calgary Health Region	Calgary	403-943-1110	
Capital Health Authority	Edmonton	780-342-2000	
Chinook Regional Health Authority	Lethbridge	403-382-6009	
David Thompson Regional Health Authority	Red Deer	403-341-8622	
East Central Regional Health Authority	Camrose	780-608-8800	
Northern Lights Regional Authority	Ft. McMurray	780-791-6024	
Palliser Regional Health Authority	Medicine Hat	403-528-5633	
Peace Country Health Authority	Grande Prairie	780-538-5387	
Service Alberta (Corporate Registry)		780-427-2311	www.servicealberta.gov.ab.ca
Tax and Revenue Administration	Calgary Edmonton	1-800-959-5525	www.finance.gov.ab.ca
Workers' Compensation Board	Toll-free:	1-866-922-9221	www.wcb.ab.ca

Fact Sheets

Publications		Contacts	
Alberta Agriculture and Rural Development		www.agriculture.alberta.ca	
Food Brokers	Agdex 845-5	Publications Office	1-800-292-5697
Developing a Promotional Plan	Agdex 846-1	Ag-Info Centre	310-FARM (3276)
Market Research	Agdex 848-6		
Marketing: Will it Sell?	Agdex 848-5		
Methods to Price Your Products	Agdex 845-2		
Pricing Horticulture Products	Agdex 845-4		
Pricing Processed Food Products	Agdex 845-3		
The Essentials of Pricing	Agdex 845-1		
Alberta's Agriculture Processing Industry Directory			
Canadian Food Inspection Agency		www.inspection.gc.ca	1-800-442-2342
A Guide to Food Labeling and Advertising			
Canadian Farm Business Management Council		www.farmcentre.com	1-888-232-3262
Agriculture & Agri-Business Structures			
Industry Canada		www.ic.gc.ca	1-800-461-2646
A Guide to Patents			
A Guide to Trade-marks			
Income Tax Division of Canada Revenue Agency		www.cra-arc.gc.ca	1-800-461-9999
Taxation			

Books

Title	Author
Business Plans for Dummies	Paul Tiffany, Steven D. Peterson, John B. Schulze
Building a Dream: A Canadian Guide to Starting Your Own Business	Walter C. Good
E-Myth	Michael E. Gerber
Guerrilla Marketing	Jay Conrad Levinson
Look Before You Leap	Anne Mazer
The Art of the Start: The Time-Tested, Battle-Hardened Guide for Anyone Starting Anything	Guy Kawasaki
Unleashing the Idea Virus	Seth Godin
Purple Cow: Transform Your Business by Being Remarkable	Seth Godin
Free Prize Inside!: The Next Big Marketing Idea	Seth Godin
All Marketers are Liars: The Power of Telling Authentic Stories in a Low-Trust World	Seth Godin
Positioning: The Battle for Your Mind	Al Reis, Jack Trout
Why We Buy: The Science of Shopping	Paco Underhill

Interactive

Name	Source	Contact	
Safe Food Practices for Small Processors	Video	Publications Office: Ag-Info Centre:	1-800-292-5697 310-FARM (3276)
HACCP	Video	Publications Office: Ag-Info Centre:	1-800-292-5697 310-FARM (3276)